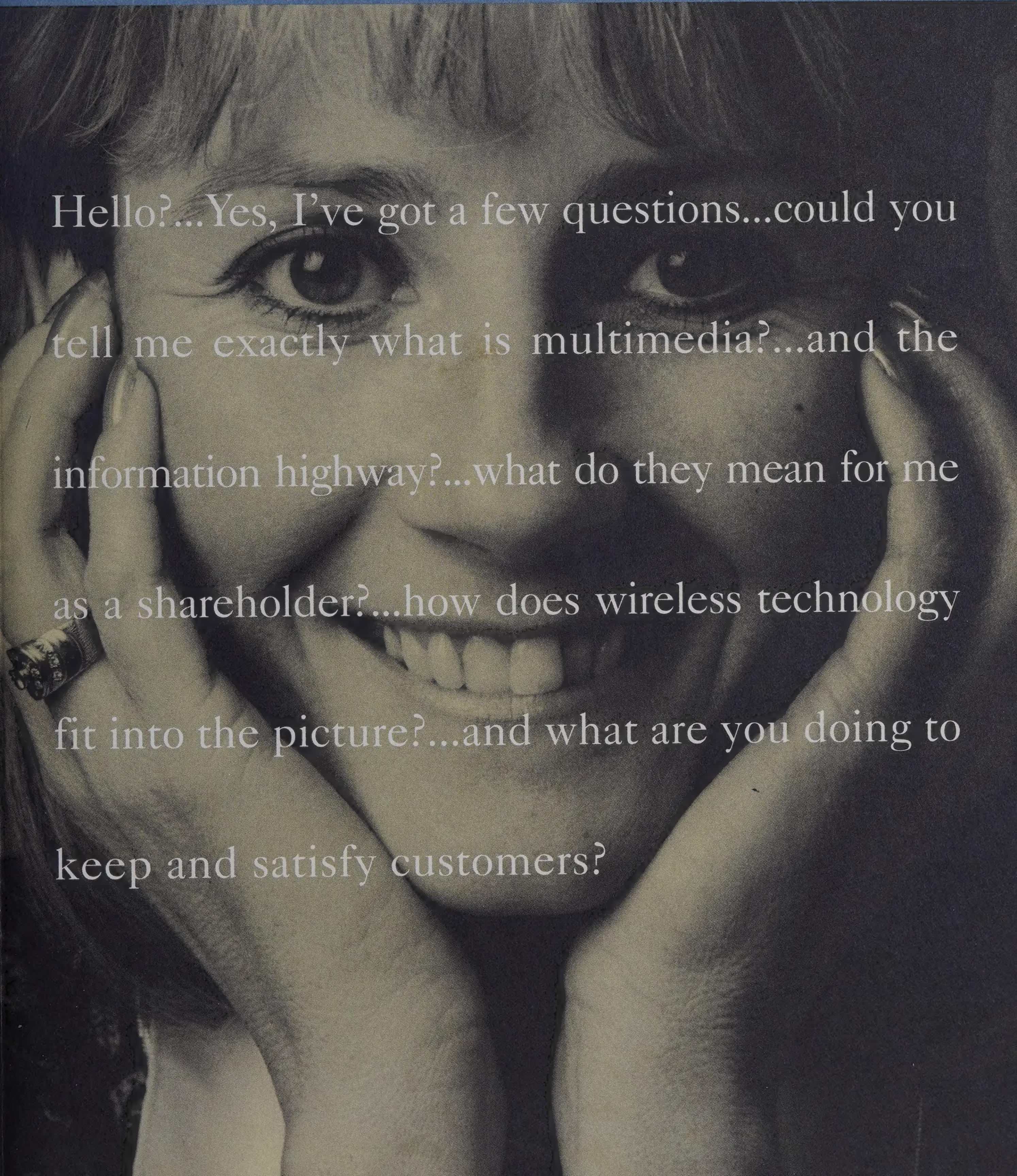
TELUS

1994
Annual Report



Hello?...Yes, I've got a few questions...could you tell me exactly what is multimedia?...and the information highway?...what do they mean for me as a shareholder?...how does wireless technology fit into the picture?...and what are you doing to keep and satisfy customers?

Annual Meeting
of Shareholders

Thursday,
April 27, 1995
10:00 a.m.

Edmonton
Convention
Centre, Hall C

Edmonton, Alberta
CANADA

3	Highlights
4	Progress on Strategies
6	Letter to Shareholders
8	Year in Review
10	TELUS Corporation
14	AGT Limited
18	AGT Mobility
19	AGT Directory
22	ISM (Alberta)
23	Telecential
24	Quarterly Financial Data
25	Management Discussion and Analysis
34	Management's Responsibility for Financial Reporting
35	Auditors' Report
36	Consolidated Financial Statements
39	Notes to Consolidated Financial Statements
51	Shareholder Information
52	Historical Summary
54	Corporate Directory

ON THE COVER MARION PAGE has been a TELUS shareholder right from day one in 1990. Her whole family decided to buy shares at a kitchen table meeting. Marion works as a secretary for a medium-sized business in Edmonton, Alberta, and bought TELUS as her "piece of Alberta."

The people profiled in the following pages represent a cross section of TELUS shareholders. The questions answered throughout this report originated from these and other shareholders.

AR22

TELUS

NOTICE OF ANNUAL MEETING

TELUS

TELUS CORPORATION
NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of the shareholders of TELUS Corporation will be held in Hall C at the Convention Centre, 9797 Jasper Avenue, Edmonton, Alberta, Canada on Thursday, April 27, 1995 at 10:00 a.m. (local time), for the following purposes:

1. to receive the consolidated financial statements for the year ended December 31, 1994 and the auditors' report thereon;
2. to elect directors for the ensuing year;
3. to appoint auditors and authorize the Board of Directors to fix their remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

DATED at Edmonton, Alberta this 10th day of March, 1995.

By order of the Board of Directors

G.A. Malysheff
Corporate Secretary

NOTE: Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it, in the envelope provided, to the Secretary of the Corporation, c/o The R-M Trust Company, P.O. Box 2517, 6th floor, Dome Tower, Toronto Dominion Square, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 4P4.

10020 – 100th Street
Edmonton, Alberta T5J 0N5

TELUS CORPORATION INFORMATION CIRCULAR

March 10, 1995

This Information Circular is furnished in connection with the solicitation of proxies by management of TELUS Corporation (the "Corporation") for use at the Annual Meeting (the "Meeting") of shareholders of the Corporation to be held in Edmonton, Alberta on April 27, 1995. Each holder of Common Shares will be sent an Information Circular and a Form of Proxy. Each holder of Employee Shares will be sent an Information Circular and a Voting Instruction Card. These documents will be mailed on or about March 17, 1995.

Solicitation of proxies

The solicitation of proxies from shareholders for use at the Meeting (including holders of Employee Shares) will be primarily by mail, but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. The cost of this solicitation will be borne by the Corporation.

Each of the persons named in the enclosed form of proxy to represent shareholders at the Meeting is a director and/or officer of the Corporation. ***Each shareholder has the right to appoint some other person to represent the shareholder at the Meeting and may exercise this right by inserting such other person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy. A person so appointed to represent a shareholder at the Meeting need not be a shareholder.***

To be voted at the Meeting, a form of proxy must be received at the office of The R-M Trust Company, P.O. Box 2517, 6th floor, Dome Tower, Toronto Dominion Square, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 4P4 not later than the close of business, local time, on April 26, 1995. A shareholder who has given a proxy may revoke it by depositing another form of proxy bearing a later date or a form of revocation of proxy, signed by the shareholder or an attorney of the shareholder authorized in writing, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof. Alternatively, the shareholder may revoke the proxy and may vote in person, as to any matter on which a vote has not already been requested pursuant to the authority conferred by the proxy, by depositing such form of revocation of proxy with the Chairman of the Meeting at the Meeting or any adjournment thereof, or may revoke the proxy in any other manner permitted by law.

On any ballot that may be called for at the Meeting or any adjournment thereof, all Common Shares in respect of which the persons named in the enclosed form of proxy have been appointed to act, will be voted for or against or withheld from voting in accordance with the specifications made. ***If a specification is not made with respect to any matter, the Common Shares will be voted in favour of such matter.***

The form of proxy confers discretionary authority upon the persons appointed with respect to amendments to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting.

As of the date of this Information Circular, management of the Corporation knows of no matters to come before the Meeting other than the matters identified in the Notice of Meeting. If any matters which are not now known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

VOTING INSTRUCTION CARDS — EMPLOYEE SHARES

The R-M Trust Company ("Trustee") is the trustee of all Common Shares purchased by employees of the Corporation pursuant to the Employee Share Plan ("Employee Shares").

Voting rights attached to Employee Shares may be exercised by the holders thereof completing the enclosed voting instruction card and thereby directing the Trustee as to how such Employee Shares are to be voted at the Meeting. The Trustee will deliver one or more forms of proxy at the Meeting indicating the results of all votes cast by way of voting instruction cards. The voting rights attached to Employee Shares will be voted for or against or withheld from voting in accordance with the specifications made.

In order for Employee Shares to be voted at the Meeting, a voting instruction card in respect thereof must be received at the office of The R-M Trust Company, P.O. Box 2517, 6th floor, Dome Tower, Toronto Dominion Square, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 4P4 not later than the close of business, local time, on April 26, 1995. A holder of Employee Shares who has given a voting instruction card may revoke it by depositing another voting instruction card bearing a later date or a notice of such revocation, signed by such holder or by an attorney of such holder authorized in writing, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof.

No form of proxy is to be completed in respect of Employee Shares. However, if an employee holds Common Shares (other than Employee Shares), the form of proxy must be utilized to vote such shares, unless such employee attends the Meeting and votes such Common Shares in person.

RECORD DATE — VOTING AND OWNERSHIP OF SHARES

The Corporation has prepared, as of the close of business on March 15, 1995, a list of shareholders entitled to receive the Notice of Meeting and the number of Common Shares of the Corporation held by each such shareholder. A holder of Common Shares named in the list is entitled to vote the shares shown opposite such shareholder's name at the Meeting except to the extent that such holder has transferred the ownership of the shares after March 15, 1995 and the transferee of those shares establishes ownership of the shares and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders before the Meeting, in which case the transferee is entitled to vote such shares at the Meeting.

Each Common Share entitles the holder thereof to the right to one vote. On March 10, 1995, the Corporation had 139,420,260 Common Shares outstanding.

A quorum at the Meeting will consist of at least two shareholders present in person or represented by proxy holding not less than one percent of the shares entitled to be voted at the Meeting.

The Alberta Government Telephones Reorganization Act (the "Act") provides that the number of voting shares of the Corporation held by non-residents of Canada must not exceed 10% of the issued and outstanding voting shares. At a meeting of shareholders of the Corporation, should the number of voting shares held by non-residents of Canada exceed 10% of the total number of voting shares represented at such meeting, the voting rights attaching to such shares would be restricted on a pro rata basis such that the total number of votes cast on any matter by non-residents of Canada would not exceed 10% of the total number of voting shares represented at the meeting.

In addition, the Act prohibits any person or group of associated persons from holding more than 5% of the issued and outstanding voting shares of the Corporation. Contravention of this provision will result in a loss of voting rights and the right to receive dividends for such person or group of associated persons. To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting shares carrying more than 5% of the voting rights attached to the Common Shares.

Election of directors

GENERAL

The Act and the Articles of the Corporation require a minimum of 12 and a maximum of 20 directors, which number is determined from time to time by resolution of the Board of Directors. The Act also requires that at least 2/3rds of the directors be residents of Alberta.

The Act provides that the Government of Alberta may appoint four directors of the Corporation, each of whom must be a resident of Alberta, to hold office under such terms as are specified by the Government of Alberta.

APPOINTMENT OF DIRECTORS BY THE GOVERNMENT OF ALBERTA

In 1994, the Government of Alberta re-appointed four directors to the Board for a term which will expire on March 1, 1997. Such appointments are in lieu of the Government of Alberta exercising its right to vote on the resolution to elect directors. The names of the four directors appointed to the Board, their principal occupations for the last five years, the year in which each appointee became a member of the Board and the number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by them as of March 10, 1995, is set forth in the following table. The information as to shares owned beneficially, not being within the knowledge of the Corporation, has been furnished to the Corporation by the appointees.

Name and Municipality of Residence	Principal Occupation	Director Since	Voting Securities (Common Shares)
Harley N. Hotchkiss(1)(3) Calgary, Alberta	Private Investor	1991	6,800
Norm Kimball Calgary, Alberta	President, L&N Investments Ltd. (private holding company)	1991	1,000
Richard J. LeLacheur(1)(2) Edmonton, Alberta	President and Chief Executive Officer, Economic Development Edmonton	1991	1,000
Harold P. Milavsky(1)(3) Calgary, Alberta	Chairman Quantico Capital Corp. (investment company)	1991	3,950

NOTES:
(1) Member of Audit Committee
(2) Member of Compensation Committee
(3) Member of Nomination and Corporate Governance Committee

Each of the directors of the Corporation listed on the previous page has held the principal occupation set forth for the past five years with the exception of Richard J. LeLacheur who was President and Chief Executive Officer of 501513 Alberta Ltd. (management consulting company) from January 1992 to September 1992, prior to which he was President and Chief Executive Officer of Pickfords Canada, and Harold P. Milavsky who was Chairman of Trizec Corporation Ltd. from October 1990 to March 1993, prior to which he was Chairman and Chief Executive Officer of the same company.

ELECTION OF DIRECTORS BY SHAREHOLDERS

The Board has fixed by resolution that there shall be 13 directors elected at the Meeting, exclusive of those who were appointed as set out above.

Unless the shareholder signing the form of proxy specifies that the form of proxy not be voted on the election of directors, the persons named in the enclosed form of proxy intend to vote for the election as directors of the nominees to the Board whose names are set forth in the table on the following page.

Management has no reason to believe that any nominee will be unable to serve as a director. Each director elected at the Meeting will hold office until the next annual meeting of shareholders or until his or her successor is elected or appointed.

The following table sets forth the name and background information of each nominee, including present principal occupation, principal occupations during the past five years, and any positions held with the Corporation and its significant affiliates. Unless otherwise indicated, each nominee has been engaged for the past five years in the specified present principal occupations or in other executive capacities with the companies or firms referred to, or with affiliates or predecessors thereof. The background information also includes the year in which each nominee first became a director of the Corporation, if applicable. In the case of a nominee who was a member of The Alberta Government Telephones Commission ("AGT Commission") prior to October 4, 1990 (the date upon which the privatization of the AGT Commission and the initial public offering of Common Shares of the Corporation was completed), the year given is the year when such nominee first became a member of the AGT Commission. In addition, the table shows the number of voting securities of the Corporation that each nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of March 10, 1995. The information as to shares owned beneficially, not being within the knowledge of the Corporation, has been furnished to the Corporation by the nominees.

Name and Municipality of Residence	Principal Occupation	Director Since	Voting Securities (Common Shares)
Roy A. Bickell[2] Grande Prairie, Alberta	Vice President Operations, Alberta Ainsworth Lumber Co. Ltd. (forest products company)	1980	100
R. John Butler Edmonton, Alberta	Counsel, Bryan & Company (law firm)	1995	NIL
James C. Logan, Jr.[3] Denver, Colorado	President and Chief Executive Officer, Yellow Pages Publishers Association (trade association)	1993	5,000
Jack A. MacAllister Castle Rock, Colorado	Chairman Emeritus, U.S. West, Inc. (telecommunications company)	1992	2,000
Joanne L. McLaws[1] Calgary, Alberta	Vice-President, Nesbitt Burns Inc. (brokerage firm)	1990	2,300
Helmut M. Neldner Sherwood Park, Alberta	Director, TELUS Corporation	1980	9,658
Walter B. O'Donoghue, Q.C.[2] Calgary, Alberta	Partner, Bennett Jones Verchere (law firm)	1991	3,575
Esther S. Ondrack[2] Edmonton, Alberta	Vice-President and Secretary, Chieftain International, Inc. (oil and gas company)	1990	2,750
James S. Palmer, Q.C.[3] Calgary, Alberta	Partner, Burnet Duckworth and Palmer (law firm)	1995	NIL
George K. Petty Edmonton, Alberta	President and Chief Executive Officer, TELUS Corporation	1994	83
Donald G. Skagen[1] Calgary, Alberta	Chairman, Mohawk Oil Canada Limited (petroleum marketing company)	1984	4,000
Ronald P. Triffo Edmonton, Alberta	President, Stanley Technology Group Inc. (engineering company)	1995	NIL
P. Neil Webber[2][3] Calgary, Alberta	President, Neil Webber Consulting Ltd. (consulting company)	1989	11,928

NOTES:
(1) Member of Audit Committee
(2) Member of Compensation Committee
(3) Member of Nomination and Corporate Governance Committee

All of the directors of the Corporation have held the principal occupations set forth on this page for the past five years except as follows: Roy A. Bickell has also been a Consultant to Grande Alberta Paper Ltd. since October 1993, prior to which he was President and Chief Operating Officer of Canfor Corporation; James C. Logan, Jr. was President and Chief Executive Officer of U.S. West Direct from August 1986 to April 1992; Jack A. MacAllister was Chairman and Chief Executive Officer of U.S. West, Inc. from September 1983 to May 1992; Joanne L. McLaws was Vice President of Burns Fry Limited (a predecessor of Nesbitt Burns Inc.) from November 1991 to November 1994, prior to which she was a Director and Vice President of Research Capital Corporation; Helmut M. Neldner was President and Chief Executive Officer of the Corporation and Deputy Chairman and Chief Executive Officer of AGT Limited from October 1990 to November 1994, prior to which he was President and Chief Executive Officer of the AGT Commission; George K. Petty was Vice-President of the Global Business Services for AT & T from January 1993 to October 1994, prior to which he was Vice-President, Western Region with the same company; and Neil Webber was Chairman of the Corporation and AGT Limited from October 1990 to April 1994, prior to which he was Chairman of the AGT Commission.

Executive compensation

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the total compensation during the last three fiscal years of the Corporation's Chief Executive Officers in 1994 and its four other executive officers employed at December 31, 1994 who had the highest individual aggregate salary and bonuses during 1994.

		Annual Compensation			Long-Term Compensation	
Name and Principal Position	Year ended December 31	Salary ($)	Bonus[1] ($)	Other Annual Compensation[2] ($)	Number of Securities Under Options Granted	All Other Compensation[3] ($)
George K. Petty President & Chief Executive Officer (from November 1, 1994)	1994	54,167	32,938	NIL	200,000	1,678
Helmut M. Neldner[4] President & Chief Executive Officer (to November 1, 1994)	1994 1993 1992	286,000 286,000 286,000	84,089 115,252 84,398	3,195 3,411	34,500 47,000 NIL	12,595 6,240
Frank J. Parrotta Executive Vice President, Corporate Development	1994 1993 1992	196,700 196,650 196,650	65,047 68,250 49,871	2,556 2,728	18,300 27,001 NIL	8,442 4,290
James D. McDonald Executive Vice President, Communication Businesses	1994 1993 1992	194,300 194,250 194,250	59,627 68,250 49,871	2,556 2,728	18,300 27,001 NIL	8,356 4,238
Don J. Lowry President & Chief Operating Officer, AGT Limited	1994 1993 1992	202,800 197,400 197,400	42,252 58,988 49,871	2,556 2,728	18,300 28,000 NIL	8,477 3,320
Gary W. Goertz Executive Vice President, Finance and Chief Financial Officer (from March 30, 1994)	1994	136,379	46,753	NIL	18,300	2,158

NOTES:

(1) Represents the variable "at risk" component of cash compensation referred to under "Report on Executive Compensation — Cash Compensation".

(2) Represents taxable benefit on interest free loans used to purchase Common Shares. The value of perquisites and benefits received in 1994 by each executive officer named in the table above is less than 10% of total annual salary and bonus. In accordance with transitional provisions in applicable executive compensation disclosure rules, amounts of "Other Annual Compensation " have not been included for financial years ended prior to 1993.

(3) Represents premiums paid on term life insurance and contributions to the Employee Share Plan. In accordance with transitional provisions in applicable executive compensation disclosure rules, amounts of "All Other Compensation" have not been included for financial years ended prior to 1993.

(4) Mr. Neldner, who retired from the position of President and C.E.O. of the Corporation effective November 1, 1994, continues to be employed by the Corporation until December 31, 1995 at remuneration substantially equivalent to the remuneration he received in 1994.

OPTION/STOCK APPRECIATION RIGHT (SAR) GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities Under Options/SARs Granted[1] (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price ($/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant ($/Security)	Expiration Date
G. K. Petty	200,000	51.7	16.000	16.000	Dec. 8, 2001
H. M. Neldner	34,500	8.9	16.875	16.875	Feb. 16, 2001
F. J. Parrotta	18,300	4.7	16.875	16.875	Feb. 16, 2001
J. D. McDonald	18,300	4.7	16.875	16.875	Feb. 16, 2001
D. J. Lowry	18,300	4.7	16.875	16.875	Feb. 16, 2001
G. W. Goertz	18,300	4.7	17.125	17.125	Apr. 28, 2001

(1) Options granted were in respect of Common Shares of the Corporation.

AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised in the Money Options/SARs at FY-End ($) Exercisable/Unexercisable
G. K. Petty	NIL	NIL	NIL/200,000	NIL/NIL
H. M. Neldner	NIL	NIL	71,690/62,500	129,465/84,000
F. J. Parrotta	NIL	NIL	38,267/33,634	69,202/46,002
J. D. McDonald	NIL	NIL	38,267/33,634	69,202/46,002
D. J. Lowry	11,100	43,013	27,500/34,300	41,063/48,000
G. W. Goertz	NIL	NIL	NIL/18,300	NIL/NIL

PENSION PLAN TABLE

Remuneration ($)	Years of Service 15	20	25	30	35
125,000	34,404	45,872	57,340	68,808	80,276
150,000	41,904	55,872	69,840	83,808	97,776
175,000	49,404	65,872	82,340	98,808	115,276
200,000	56,904	75,872	94,840	113,808	132,776
225,000	64,404	85,872	107,340	128,808	150,276
250,000	71,904	95,872	119,840	143,808	167,776
300,000	86,904	115,872	144,840	173,808	202,776
400,000	116,904	155,872	194,840	233,808	272,776
500,000	146,904	195,872	244,840	293,808	342,776

This table reflects the annual pension benefit payable to senior executives from the TELUS Corporation Pension Plan and the Supplemental Retirement Plan at normal retirement age of 65 or at any time after the early retirement age of 55 with at least 15 years credited service. The pension benefit is based on 1.4% of Final Average Earnings (FAE) that are less than the Year's Maximum Pensionable Earnings (YMPE) and 2% of FAE over the YMPE, to a maximum of 35 years of service. For any service prior to 1966 the pension benefit is calculated at 2% of FAE. FAE is the average earnings of the highest 5 years of the last 10.

Effective January 1992, the Corporation established a supplementary retirement plan applicable to any employee whose pension benefit accrued under the Corporation's registered pension plan would exceed the maximum pension permitted by Revenue Canada. Amounts under the plan are payable at the time of termination of employment with the Corporation in accordance with the terms of the Corporation's pension plan. The Corporation may (i) contribute or set aside an amount in a separate fund to satisfy its obligations, (ii) purchase annuity contracts or establish any other form of security, or (iii) make payments out of general funds of the Corporation.

As at December 31, 1994, the years of credited service for each of the executive officers named in the Summary Compensation Table is as follows: H.M. Neldner, 30.5; F.J. Parrotta, 24; J.D. McDonald, 32.5; D.J. Lowry, 18; G.W. Goertz, 0.75; G. K. Petty does not yet participate in the pension plan.

COMPOSITION OF THE COMPENSATION COMMITTEE

The Compensation Committee (the "Committee") of the Board of Directors is responsible for reviewing compensation programs for the Corporation's executive officers and making recommendations to the Board of Directors on such matters. The Committee is composed of Richard LeLacheur, chairman, Roy Bickell, Walter O'Donoghue, Esther Ondrack and Neil Webber. All members of the Committee are independent directors who are not eligible to participate in any of the Corporation's compensation programs for employees. Neil Webber was the Chairman of the Corporation until April 28, 1994.

REPORT ON EXECUTIVE COMPENSATION

The Committee utilizes the services of outside consultants and independent compensation data in determining appropriate compensation levels for its executive officers. In October 1992 the Committee adopted an executive compensation philosophy statement to assist in its evaluation and application of the executive compensation program.

The primary objective of the executive compensation program is to promote the attainment of the Corporation's business goals and to enhance its competitive position through a clear linkage of executive compensation to results.

In support of this objective, the philosophy further states:

- Plans will be competitive, cost effective, and provide an appropriate standard of living and security;
- Pay for performance will be an underlying theme for all components of the program;
- Variable compensation plans will be emphasized; every executive will have a substantial component of pay at risk relative to attainment of specific performance targets;
- Total direct compensation will be measured against median levels within a competitive group, however, the program will offer executives the opportunity to earn above average pay for outstanding performance;
- Long term incentives will be linked to the Corporation's Common Share performance and the factors which contribute to sustainable increases in shareholder value; and
- Executives will be expected and encouraged to maintain certain levels of share ownership in the Corporation.

Individual executive officer compensation is composed of cash, which includes base salary plus a variable component, and long term incentives in the form of stock options. Total compensation for a position is based upon a periodic evaluation of the responsibilities of that position and an annual review of market data for comparable positions in other companies. The companies included in the sample from which the market data is obtained include those in the same or similar businesses and those of comparable size. The total compensation package for each individual is compared to median compensation levels as indicated by market data obtained from the review with the intention that general market comparability be maintained.

Cash Compensation

Base salaries are reflective of the particular job responsibilities of an executive officer. Market related base salaries are used as reference points for establishing base salary ranges for particular job functions. Individual base salaries are dependent upon experience levels, actual job responsibilities and market comparability.

The Committee has placed a significant emphasis on the variable "at risk" component of compensation. Each year in conjunction with the strategic and operating plan of the Corporation, the Committee establishes performance targets in the areas of financial results and customer satisfaction from which the amount of variable compensation payable to executive officers is derived. Upon satisfactory achievement in the areas of measurement, an individual's variable compensation will be payable at the designated percentage for that position.

Financial performance is the main factor in determining the annual variable compensation payable to executive officers. If a minimum level of financial performance is not achieved, no variable compensation is payable. At exceptional levels of financial performance and customer satisfaction the awards payable may increase up to a maximum amount as determined by the Committee. Further, the Committee, upon recommendation from the President and Chief Executive Officer, may vary an individual's variable compensation amount upwards or downwards to reflect the individual performance of a particular executive officer.

Long Term Incentive

The Corporation's long term incentive arrangement is designed to promote sustainable increases in shareholder value by linking the interests of the Corporation's executive officers to those of the shareholders. Additionally, provisions are in place to increase the level of share ownership by executive officers by facilitating the acquisition and retention of Common Shares of the Corporation.

To accomplish these goals, the Executive Stock Option Plan was approved by the shareholders of the Corporation at an Annual and Special Meeting held on May 2, 1991. The amount of options granted under the plan take into account the type of businesses in which the Corporation is engaged, market comparability and the present value attributable to such options. Generally options are granted annually to executive officers in amounts based on position seniority. Options are granted at the fair market value as at the date of the grant. The Corporation granted options to purchase Common Shares to its executive officers in December 1990, December 1991, February 1993 and either February, April or December 1994. These options have a seven year term and vest over three years.

The Corporation also granted options with a term of sixty (60) days to certain executive officers in February 1993. Executive officers who exercised these options were loaned funds by the Corporation to purchase the Common Shares. The loans are interest free and repayable at any time within five years. The Common Shares are held as security for the loan and all dividends paid thereon are utilized to reduce the balance of the outstanding loan.

The Committee views the combination of the above grants as providing encouragement for long term management continuity and providing the appropriate balance between reward for share appreciation and risk to the participants. The Committee further views these long term incentives as consistent with market practice and as an effective means to align the interest of management and shareholders.

Compensation for Helmut M. Neldner and George K. Petty

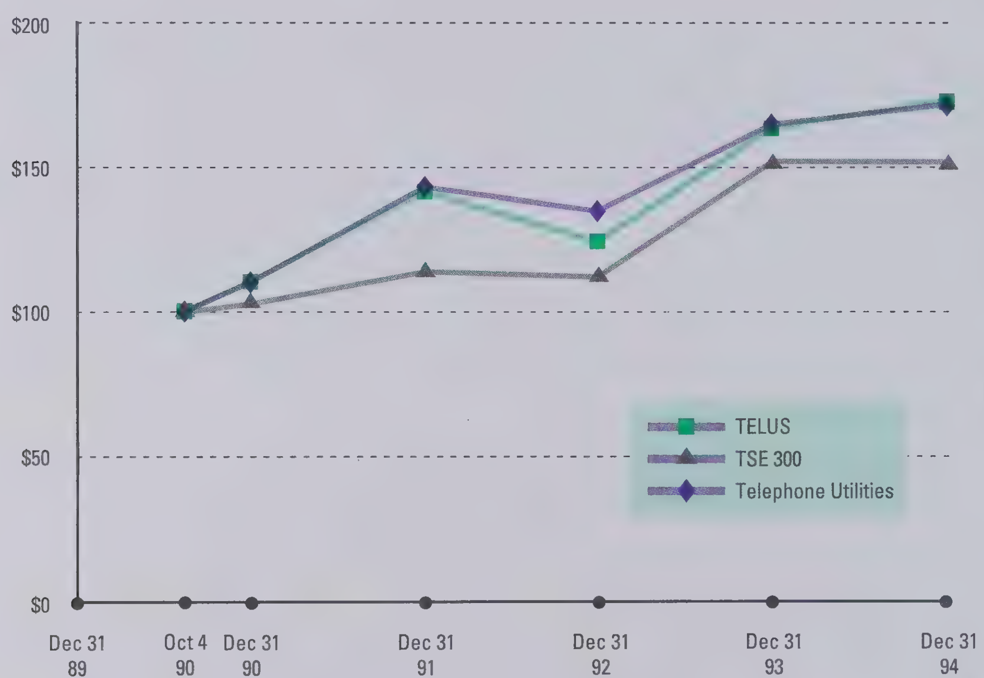
During 1994 Mr. Neldner's base salary was $286,000. The variable component of his compensation was $84,089 reflecting the Corporation's earnings performance in 1994 and customer satisfaction results of the Corporation's major operating subsidiaries measured against targets established by the Committee in 1994, as well as certain individual performance measurements as determined by the Committee in February 1995.

Mr. Petty's compensation from November 1, 1994 to the end of the year was determined on a similar basis.

Submitted by:	Richard LeLacheur	Esther Ondrack
	Roy Bickell	Neil Webber
	Walter O'Donoghue	

PERFORMANCE GRAPH

The following graph compares the yearly change in the cumulative shareholder return on the Common Shares of the Corporation (assuming a $100 investment was made on October 4, 1990 at the initial public offering price of $12 per share) with the cumulative total return of the TSE 300 Stock Index and the Telephone Utilities sub-index, assuming reinvestment of dividends



	Oct 4, 1990	Dec 31, 1990	Dec 31, 1991	Dec 31, 1992	Dec 31, 1993	Dec 31, 1994
TELUS	100	112	142	125	164	173
TSE 300	100	104	116	114	152	151
Telephone Utilities	100	112	144	135	166	172

COMPENSATION OF DIRECTORS

Each director of the Corporation who is not an officer of the Corporation receives an annual fee for acting as a director, plus a further fee for each Board meeting attended. For the year ended December 31, 1994, these fees were set at $15,000 and $1,000, respectively. Chairpersons of committees receive an annual fee of $2,000 and all committee members receive $1,000 for each committee meeting attended, provided that such members are not officers of the Corporation. Directors who are requested to perform additional tasks or assignments on behalf of the Board are entitled in certain circumstances to receive an additional $1,000 per diem fee for such services.

The Corporation has a consulting agreement with Neil Webber, a former Chairman of the Corporation, pursuant to which he provides consulting services to the Corporation. He received $21,900 in 1994 pursuant to this arrangement which terminates on December 31, 1995.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As at March 10, 1995, the aggregate amount of indebtedness incurred to the Corporation or any of its subsidiaries in connection with purchases of securities of the Corporation or any of its subsidiaries (other than "routine indebtedness" under applicable Canadian securities laws), by all directors, officers, employees and former directors, officers and employees of the Corporation or any of its subsidiaries amounted to $510,813. The following table sets forth the indebtedness incurred by executive officers and senior officers of the Corporation in connection with purchases of securities of the Corporation.

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest $ Amount Outstanding during Year ended December 31, 1994	$ Amount Outstanding as at March 10, 1995	Financially Assisted Securities Purchases During Year ended December 31, 1994(#)	Security for Indebtedness
H. M. Neldner President & Chief Executive Officer (to November 1, 1994)	Corporation as Lender	60,925	56,325	NIL	5,000 Common Shares
F. J. Parrotta Executive Vice President, Corporate Development	Corporation as Lender	48,740	45,060	NIL	4,000 Common Shares
J. D. McDonald Executive Vice President, TELUS Corporation	Corporation as Lender	48,740	45,060	NIL	4,000 Common Shares
G. A. Malysheff General Counsel & Corporate Secretary	Corporation as Lender	30,462	28,162	NIL	2,500 Common Shares
D. J. Lowry President & Chief Operating Officer, AGT Limited	Corporation as Lender	48,740	45,060	NIL	4,000 Common Shares

NOTE: All of the indebtedness referred to in the above table was incurred in February 1993 by the above named officers in connection with the exercise of stock options. The loans are interest free and repayable at any time within five years of the date of advance. The Common Shares of the Corporation purchased with the proceeds of the loan advances are held by the Corporation as security.

Appointment of auditors

The persons named in the enclosed form of proxy intend to vote for the appointment of Deloitte & Touche, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders, unless the shareholder specifies that the form of proxy be withheld from voting. The Auditor General of the Province of Alberta was the auditor of the AGT Commission. Deloitte & Touche were appointed auditors of the Corporation in 1990.

Board approval

The Board of Directors has approved in substance the contents of this Information Circular and the sending of this Information Circular to shareholders.

Certificate

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

George K. Petty
President and
Chief Executive Officer

Gary W. Goertz
Executive Vice-President, Finance and
Chief Financial Officer

We're glad you asked...

We know our shareholders have questions on their minds. So we decided to find out what some of those questions might be. As you read through this year's annual report, we hope you'll find answers to some of your questions about the TELUS group of companies.

TELUS Corporation, a widely held public company, is a leading Canadian telecommunications and information management services company. Through its subsidiaries, TELUS manages assets of $3.5 billion.

AGT Limited is the largest subsidiary of the TELUS group, providing voice, data and video telecommunications services to connect Albertans with the world.

AGT Mobility is Alberta's leading supplier of wireless mobile communications, including cellular, paging and private radio systems.

AGT Directory publishes white and Yellow Pages and provides direct marketing and electronic information services to Alberta business.

Canadian Mobility Products provides cellular and paging equipment wholesale distribution services for the Mobility Canada carriers in Western Canada.

TELUS partnerships include ISM (Alberta), the leader in Alberta's information systems and data management market. Our partnership in Telecential offers combined cable TV and telephone services in the U.K.

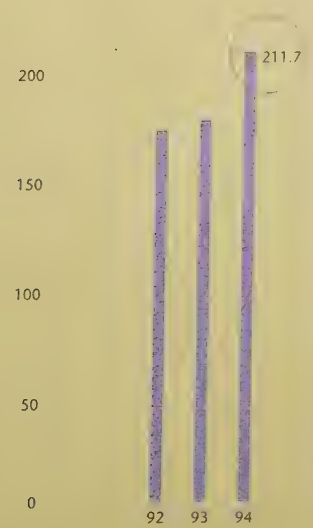
FINANCIAL HIGHLIGHTS

($ millions except earnings per share)	1994	Change	1993	Change	1992
Operating revenues	$1,360.1	7.7%	$1,262.5	6.3%	$1,187.4
Operations expense	730.0	5.8%	689.6	(1.6)%	700.7
Depreciation and amortization	325.0	14.7%	283.3	12.9%	251.0
NET INCOME	211.7	17.3%	180.5	1.5%	177.8
EARNINGS PER COMMON SHARE	$ 1.52	16.9%	$ 1.30	1.6%	$ 1.28
Capital expenditures	440.2	24.8%	352.6	(4.2)%	368.1
Property, plant and equipment, net	2,908.7	3.9%	2,798.3	2.6%	2,728.6
Total assets	3,483.7	7.4%	3,244.2	1.5%	3,195.2

OPERATIONAL HIGHLIGHTS

Access lines (thousands)	1,234	3.3%	1,194	3.3%	1,157
Long distance messages (millions)	510.9	10.0%	464.5	7.7%	431.3
Cellular subscribers (thousands)	113.4	58.1%	71.7	46.0%	49.1

NET INCOME
($ millions)



Higher revenues, generated by rate increases at AGT and strong customer growth at AGT Mobility, resulted in a 17% increase in net income, despite higher expenses.

Our corporate strategies guide our actions and KEEP US ON COURSE. We have measured our progress in 1994 against THESE STRATEGIES.

strengthening our core business

STREAMLINING OPERATIONS AND REDUCING COSTS

‣ TELUS negotiated an agreement with the City of Edmonton to purchase Edmonton Telephones, to provide seamless customer service in Alberta and achieve efficiencies in marketing and sales. The purchase is subject to regulatory approval.

‣ AGT Directory restructured its sales force to better match sales resources with its prime markets.

shaping our competitive environment

SHAPING PROGRESSIVE REGULATORY POLICIES AND IMPROVING OUR ABILITY TO COMPETE

‣ In January 1995, TELUS made a submission on the information highway to the CRTC, promoting consumer choice and open competition. The proposal addresses Canadian content, network interconnection and personal privacy. Hearings begin in March.

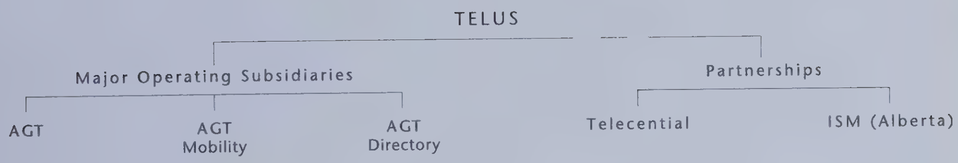
‣ AGT's submission to the hearings on regulatory reform was commended by the CRTC, as it announced in late 1994 major changes to Canada's telecommunications environment.

managed growth

TO BE A COMPETITIVE LEADER IN ALBERTA, AND PARTICIPATE SELECTIVELY OUTSIDE ALBERTA TO INCREASE SHAREHOLDER VALUE

‣ ISM (Alberta) added major new customers to its computer outsourcing business including Husky Oil and Trimac.

→ Telecential began offering telephone service in four of its franchise areas near London, England, in addition to its cable TV service.



→ AGT continued to focus on efficiencies in its network business, enabling a work force reduction of over 1,100 employees through voluntary separations. Alliances with outside vendors to distribute telephone products and equipment were also expanded.

→ AGT Mobility expanded its use of fibre optic facilities which reduced operating costs of the cellular and paging networks.

→ AGT and BC TEL formed an alliance to share information technologies aimed at enhancing customer service. As a major step to improve customer service, AGT is adopting new systems for billing, service orders, customer contact and facilities management.

→ Canadian Mobility Products expanded its portfolio to include paging products.

→ AGT Mobility expanded its distribution system and added 40 cell sites to its cellular network.

→ A new AGT Directory service, Community Pages, was launched in Alberta, and the sale of Canadian Directory listings on CD-ROM is underway.

→ AGT conducted employee test trials on the worldwide Internet computer network, with a commercial service offering planned for 1995.

our mission

WE ARE A LEADER AT ENRICHING PEOPLE'S LIVES AT HOME, WORK OR LEISURE, THROUGH RELIABLE INFORMATION & TELECOMMUNICATIONS SERVICES THAT ARE ACCESSIBLE WHEREVER, WHENEVER AND HOWEVER OUR CUSTOMERS WANT.

letter to shareholders

I thought an excellent way to open my first letter to you would be to share my perspective on TELUS.

First of all, TELUS is a great company and has all the right pieces to become even greater: AGT, AGT Mobility, AGT Directory, ISM (Alberta) and Telecential provide customers cost effective access to the information superhighway with a coherent, coordinated array of telecommunications and information services unmatched in the market.

Second, TELUS has terrific employees who took the tough actions necessary to keep our costs in line. Now they're moving ahead to show that they and the services they provide offer our customers the best value in the market.

Externally, we are poised to take advantage of a constantly changing landscape. Bold, open views. A new frontier. This is the outlook for TELUS as Canadians prepare to lead the world by taking the potential of the information highway and making it a reality.

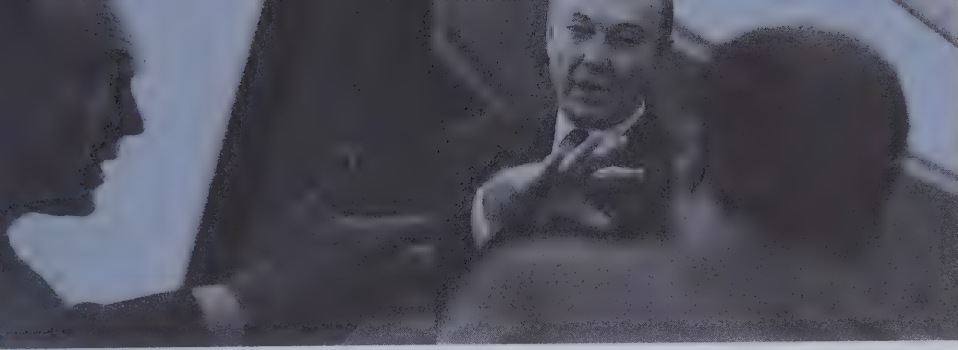
Since arriving, I have been tremendously impressed with the attitudes and attributes of Alberta and Albertans – the Alberta Advantage is real – and that can only bode well for shareholders and customers alike.

From a global perspective, the Canadian telecommunications industry – and our company – have always set enviable standards for technological excellence. We now have the potential to set the standards for flexibility and customer service.

That 'get it done' view is particularly prevalent here in the West, where innovation and independent thought energize individuals, businesses, and even governments, to look beyond the current horizon and challenge the status quo.

The CRTC decision on regulatory reform this past September could again vault Canada ahead of the world in telecommunications. The innovative alternatives we proposed at the hearings on reform led, in part, to the rewriting of the regulatory framework for Canadian telecommunications. We believe, ultimately, that customers drive competition. Customer focus, company efficiency and product ingenuity – not regulatory safeguards – generate profits.

The dramatic changes endorsed by our regulators reflect much of this view, and are far-reaching and visionary in scope. Certainly, safeguards for consumers remain; but the CRTC has clearly signaled regulation will not impede a free market environment. Fortunately, the price, content, carriage and subsidy barriers that prevent customers from receiving fast, high quality service and choice, are being removed. Our desire for an open market is the basis of our contribution to current national policy discussions on the information highway.




TELUS, with our rich blend of businesses, is positioned to grow in this new environment.

We were pleased to reach an agreement with the City of Edmonton for the purchase of Edmonton Telephones. In addition to strengthening our home market, ED TEL will be a centre of excellence for research and product development in health care, education and home services. We foresee ED TEL as a key player in our growth.

AGT is currently operating one of the most efficient full-service telecommunications companies in Canada, and is aggressively working to keep and win back customers from competitors in the long distance market. Our cellular subsidiary, AGT Mobility, maintains the highest market penetration rate in the country. AGT Directory is introducing portable, electronic directory products. ISM (Alberta) is growing rapidly and demonstrating to customers daily how it can manage communications and information service capabilities on their behalf. Telecential is quickly expanding its serving area to offer combined telephone and cable TV services in the United Kingdom.

Looking forward, our challenge will be to maintain focus within an expanding range of opportunities. We know that our business is an integral part of people's lives, both at home and in their work – in whatever they are doing. Key to our success is understanding the needs of our customers as we map our route in a fast-growing communications market.

Channeling the energy and talents of our people is another challenge. Revenue, jobs, growth and a fulfilling sense of excitement come from the fact customers like what we have to offer and like what we stand for. Building that excitement is motivating for employees, satisfying for customers, and ultimately drives rewards for you, our shareholders.

In closing, I would like to recognize the considerable contribution of my predecessor, Hal Neldner, who was at the helm for over ten years, taking the company through privatization and into the current exciting new age of communications.

I would also like to welcome James Palmer, our new Chairman of the Board, a man I am getting to know well and with whom I look forward to guiding the TELUS group.

George K. Petty
President &
Chief Executive Officer

year in review

1

FIRST QUARTER

→ AGT begins building the information highway by helping establish WurcNet, a high-speed, fibre optic 'test bed' network involving the Western phone companies, major universities, health care facilities and corporations.

2

SECOND QUARTER

→ Telecential, licensed to provide joint cable TV/telephone service in the U.K., begins offering telephone services. Some 80% of the new telephone customers also subscribe to cable TV through Telecential.

→ ISM (Alberta) secures multi-million dollar contract to provide outsourcing services for Trimac Group locations throughout North America.

→ AGT continues a number of initiatives to keep and win back customers, including customer loyalty programs.

→ Shaw Communications buys CUC Broadcasting of Toronto, including its 50% share of Telecential, subject to regulatory approval. TELUS remains the owner of 50% of Telecential.

3

THIRD QUARTER

→ CRTC announces sweeping changes to Canadian telecommunications regulation, including competition in local service, streamlined regulation of competitive services, gradual rate rebalancing, and a three-year transition to price cap regulation of local telephone services.

4

FOURTH QUARTER

→ AGT Mobility introduces *PrimeLine Direct**, a one number service that instantly directs all calls to the location of the customer's choice, whether office, home, pager or cellular phone.

→ AGT leads the country in applying Advanced Intelligent Network technology to customer needs, providing Albertans with one number access to the Alberta Government.

→ The TELUS offer to purchase Edmonton Telephones for net cash proceeds of $465 million is accepted by City Council. The purchase is subject to a ruling by the Director of Investigation and Research (Competition Act).

→ Equal Access takes effect in Alberta, allowing telephone customers using other long distance companies to make calls without dialing extra digits or needing special equipment.

→ AGT Mobility reaches and surpasses a total of 100,000 cellular customers in Alberta, while achieving year-over-year growth of 58%.

→ AGT's telecommunications network becomes 100% digital, allowing all customers to enjoy enhanced features such as Call Waiting and Name Display.

→ George K. Petty joins TELUS as President and Chief Executive Officer. He was previously vice-president of Global Business Services for AT&T.

→ Federal cabinet delays start of rate rebalancing and asks the CRTC to examine the extent of rate adjustments required on a company-by-company basis across Canada.

→ AGT initiates a voluntary separation program to maintain a competitive cost structure. The program is accepted by over 1,100 employees.

→ A new telephone numbering system takes effect in North America to increase the supply of available area codes. All long distance calls must now include the area code.

→ AGT Directory begins offering a new information service to the real estate industry, securing Canadian sales rights for the hand-held digital device.

→ ISM (Alberta) announces a venture with the Alberta Government to offer payroll and accounts payable services.

Our shareholders ask the big questions

TELUS CORPORATION

A song lyric advises: 'Ask me no questions and I'll tell you no lies.' While it made for good music, it did little to encourage understanding. The fact is, the very nature of our business invites many questions, some of which are answered in the following pages.

The issues are familiar: What's coming in the future for telecommunications? Who's going to rule the new interactive multimedia universe? Who's best at reading the bones, divining the trends, and setting some end markers around technology and the information highway?

The truth is, no one has those answers. And simplistic predictions won't hold because it's too easy to say, 'You'll have 500 channels and 12 different suppliers.' Many of today's successful technologies had false starts and misfires, which means jumping to conclusions can become a very expensive leap of faith – especially for shareholders.

If there's any barometer of the future, it's our customers, and they, more than anything else, are the diviners. Our answers to the big – and little – questions should be a reflection of what customers are telling us to do, to develop, and to think about.

Our strategic priorities of Strengthening our Core Business, Shaping our Competitive Environment, and Managed Growth translate into: play your strengths, stretch your capabilities, and partner to fill the gaps. These priorities encompass the achievements made in 1994 and guide our activities in our fifth year of investor ownership.

Our networks are 100% digital, with a built-in intelligence that allows customized solutions for any one customer. This core capability should provide us with a sustaining competitive advantage.

When it comes to competitors and the competitive environment, customer service is the key. We will continue to lead the market with product innovation – such as AGT Directory's personal digital assistant for realtors and AGT's *ServiceFinder* ™. We are also participating in activities regarding public policy and regulatory issues, to create a better business environment for the benefit of customers.

We are filling the gaps in the capabilities we need to move forward. We are pursuing ventures within and outside Alberta to enhance our core competencies. Our Telecential investment in the U.K., now fully-operational, is schooling us in the provision of combined cable TV and telephone services. Through ISM (Alberta), we're also learning how to provide solutions for our customers by combining computing know-how with telecommunications expertise.

Partnerships with leading players in the communications arenas will strengthen our market position, improve operating efficiencies and provide services through integrated narrowband, broadband and wireless networks.

Our ambitions during 1995 hinge on investment in wireless and broadband infrastructure, including co-axial cable as a complement to our fibre-rich network. Across TELUS, we want to build networks and a culture focused on advanced and flexible technologies – technologies that fit the changing needs of our customers.

A social vision for the TELUS group

There's another question that helps define who we are: How are we contributing to the communities that make us successful?

For employees, seeing a direct connection between our business success and the success of our communities is vitally important. For Albertans, the importance lies in taking a focused approach to community giving, and in doing something that makes a difference.

An emphasis on learning – particularly where learning opportunities can be enhanced through technology – now guides the decision-making of the TELUS Community Investment Council. They ensure that the 1% of pre-tax profits TELUS allocates to community giving, which qualifies us as an 'Imagine' company, has a resounding impact.

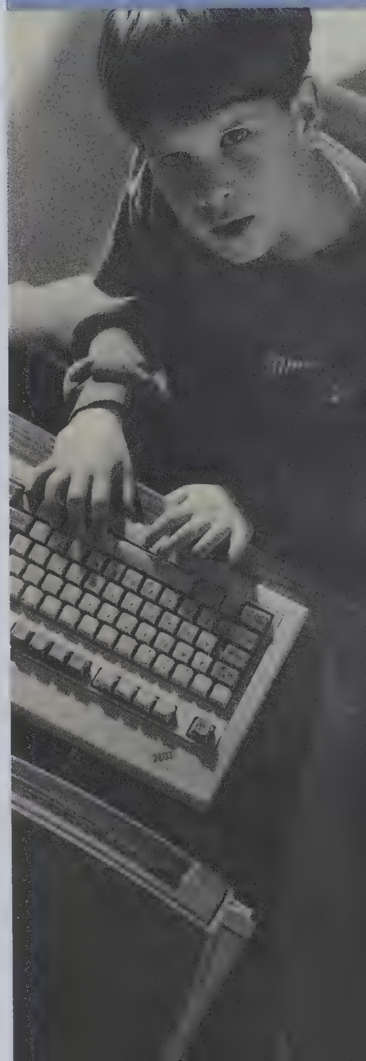
Examples include *Project Blue Eagle*™, where surplus computers are donated by AGT to challenged school children, with follow-up training and support provided by employee volunteers. Similarly, our funding of the Assistive Technology Centre at Grant MacEwan Community College is helping students pursue an education where access would otherwise be limited.

Another program, Communikit, teaches telephone manners to early-education children, and teaches older children how to respond in emergencies. Our 'Excellence in Teaching' program rewards teachers who make a difference in the classroom. AGT and the Calgary Board of Education also announced Canada's first workplace school. This will be a regular public school on AGT premises, bringing parents and children together as life long learners.

Many initiatives touch all Albertans. When AGT Mobility topped 100,000 customers, this milestone was marked with a $50,000 donation to the STARS air ambulance rescue service. Another $50,000 went to establish scholarship funds for students in emergency medical services.

Achieving the social vision largely happens through the volunteer efforts of our employees. The AGT *Extension*® program – the company's volunteer network – and the Telephone Pioneers, recorded over 42,000 hours of volunteer time in 1994, sharing their skills and commitment with their communities.

A social vision was created for the TELUS group by linking the community's priority of education with the communications expertise of TELUS. We state this vision as: 'Using Bright Technology, We Create Bright Minds and Bright Futures.' One example, *Project Blue Eagle*, provides surplus computers to school children with special needs.

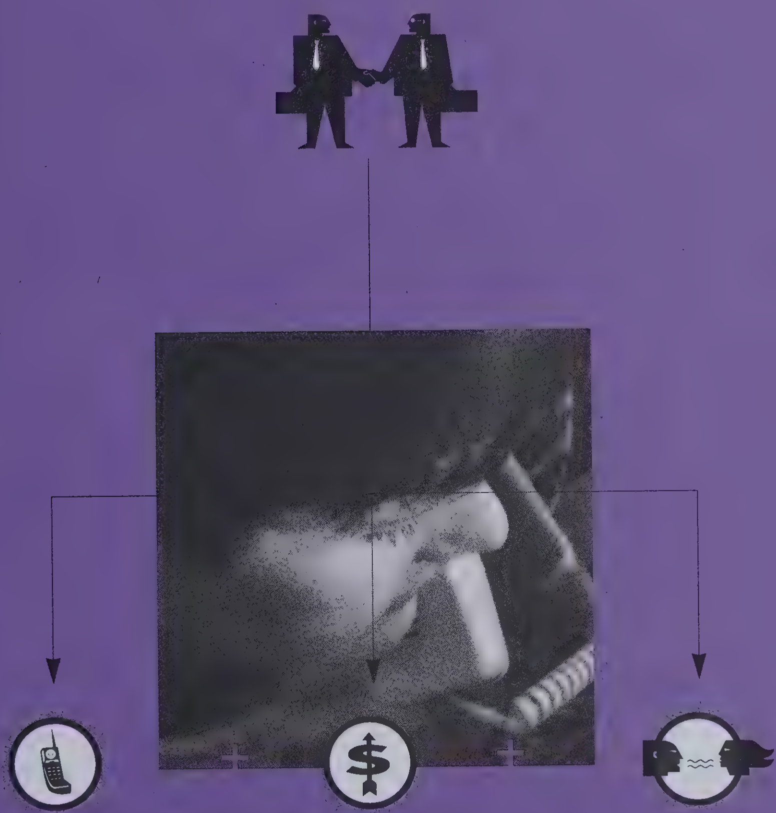


? WHAT are you doing to satisfy and keep customers?

NEIL HAHN of Lethbridge, Alberta, runs two small businesses, both feeding his entrepreneurial spirit: a food kiosk and a growing trade in specialty candy. Neil holds TELUS shares as part of a diversified portfolio.

A We are COMPETING AGGRESSIVELY to ensure our customers get the best value for their dollar – whether it's long distance, cellular or data services. Providing value also means delivering the most complete range of superior products and services on a reliable advanced network.

We are **reaching out and listening** to our customers more than ever before – helping them benefit from the best savings for their individual needs, and introducing them to new and BETTER WAYS TO COMMUNICATE AND SHARE INFORMATION. We have greatly expanded our telemarketing and outside sales forces, to regularly contact all customers and inform them of new savings plans and services.



There are also more ways for our customers to reach us: convenient, one number access; extended hours for both residential and business services; special partnerships and alliances across Alberta to provide the service, sales and support customers want right in their own communities.

Delivering value to our customers – through PRICE, CHOICE, AND AVAILABILITY – will also provide VALUE TO OUR SHAREHOLDERS as the TELUS group continues to lead the telecommunications market in Alberta.

An intense focus on customer satisfaction

AGT LIMITED

For AGT, the focus – both in the business and home consumer markets – is to retain, increase, and win back customers. Particular emphasis is being placed on AGT's unique ability to provide the full range of telecommunications services to our customers. The combination of an advanced network, innovative services, a range of savings plans, extensive alliances and highly-skilled employees, provides an effective competitive response.

Providing the highest level of customer contact For residential customers, AGT has significantly increased customer contact through over 100 telemarketers, to help customers take advantage of the many AGT savings plans, as well as enhanced services, such as Call Waiting and Call Display.

? What is AGT doing to protect the PRIVACY of its customers?

A AGT's approach to privacy-enhancing services, such as Call Display and Call Trace is the model for regulated phone companies in Canada. In 1994, AGT introduced a privacy code, and is now helping form national privacy guidelines for all businesses.

AGT is also changing the way in which network services are delivered to our residential customers. The company is partnering with retail outlets to market network services, and this innovative approach has already grown to over 50 distribution points across Alberta.

The progress made in 1994 to improve customer access into the company will continue in 1995 as a key method to increase customer satisfaction. AGT's network of 'virtual offices' – AGT *TeleCentre*™ offices – are now offering extended hours and Saturday service. The hours of AGT's Installation and Repair services have also been extended. Another improvement is one number telephone access for customers anywhere in Alberta.

Giving customers the widest choice of services The benefits of AGT's Advanced Intelligent Network (AIN) provide the basis for future innovations in telecommunications services. AGT is a leader in North America with AIN, providing the ability to custom-design services and bring them much more quickly to market.

New and enhanced products were introduced to the consumer market, among them the latest addition to the popular *SmartTouch** services – Name Display. *TalkMail**, the first universal voice messaging system in North America, was extended beyond major centres to cover the entire province, excluding Edmonton; revenues, however, have fallen short of expectations and a variety of service improvements are planned.

To help customers trim long distance costs, improved savings plans such as *Real Plus** have been introduced and are actively being marketed, along with loyalty programs including AGT *Air Miles*™ and *AGT Rewards*™. For travellers, the new *Hello!** phone pass offers the convenience of a pre-paid card with a set amount of long distance calling time.

Offering more of the world for Alberta business For business customers, AGT is delivering the widest range of competitively-priced, value-added services in the market.

Here, too, we are continuing to expand our alliances throughout Alberta to provide the business market with quick and timely

solutions on a customized basis. One solution, *ServiceFinder*, was successfully launched in 1994 and will be our premier offering to businesses with several locations which need one number convenience. For long distance savings, the *Advantage** portfolio of services lets business customers choose the savings plans that best fit their calling patterns.

The AGT *MegaPlan** service has been considerably improved and in 1995 will provide business customers worldwide access to integrated digital voice, video and data capabilities. A related service, Enhanced International Private Line, can provide increased security for global financial transactions.

Providing customized solutions to health and education sectors AGT continued its focus on the healthcare and education sectors to help deliver services to more Albertans at reduced cost. A good example is the *Remote Consultative Network*™, introduced in 1994. Rural doctors and health staff can access medical specialists in larger centres through real-time multimedia technology. Test results such as ultrasounds and X-rays can be transmitted and reviewed instantly.

WurcNet, the Western University Research Consortium Network, is a broadband network established by AGT, ED TEL, SaskTel and the Manitoba Telephone System, with support from the national CANARIE initiative and major corporations. WurcNet is conducting research in distance learning, medical applications and next-wave telecommunications. AGT is also testing a commercial service on the Internet, the worldwide computer network.

Major regulatory developments In September, the CRTC announced sweeping changes to how our industry will be regulated. The decision followed hearings held in 1993, at which AGT submitted an independent proposal on reform. AGT's recommendations were reflected in key changes to increase competition, reduce regulation and allow local and long distance rates to move closer to their costs.

Regulatory activities during 1995 will focus on follow-up hearings to the CRTC's regulatory reform decision, including rate rebalancing and competitive entry into the local access market. In addition, the CRTC has been asked to make recommendations on policy issues surrounding development of the information highway.

AGT is delivering more value to customers through a number of loyalty programs such as *AGT Rewards*, which encourage the use of our products and services. Telemarketing is increasing customer contact by offering AGT savings plans and enhanced *SmartTouch* services.

WHERE is the wireless business going, and HOW DOES IT FIT into the TELUS picture?

JOEL RABY is a professional money manager and president of Magna Vista Capital Management in Montreal. On behalf of individual and large institutional investors, the firm holds TELUS stock as an important window to growth in the communications industry.

A **Wireless technology** lets you communicate from PERSON TO PERSON – not just place to place. With evolving personal needs, technology capabilities and government regulations, the wireless industry HAS A BRIGHT FUTURE.

OUR CUSTOMERS are looking for the **freedom to communicate** at an affordable price. They want to be ACCESSIBLE not only as they drive to the mall or work, but in the elevator or their parking garage. They also want the features that their current phone service provides. To meet these NEW DEMANDS, services and technology are being developed called Personal Communications Services, or PCS.

Wireless communications devices are evolving that are cheaper, lighter and easier to use. The integration of cellular phones and pagers with computers will produce yet a new array of products to communicate with. Service offerings will also expand from mainly voice-based cellular and paging systems, to transmission of video and full pages of information.

TELUS and its subsidiaries and alliance partners will be seeking PCS licences to offer these new services and capabilities. Which form of wireless or PCS that emerges will depend on the needs of our customers.

TELUS is well positioned to meet the **future wireless needs of** our customers through AGT Mobility and Mobility Canada. OUR VIEW is that wireless services will continue to offer STRONG, PROFITABLE GROWTH for TELUS SHAREHOLDERS.

Surpassing the 100,000 customer milestone

AGT MOBILITY

The popularity of cellular services grew during 1994, due to a vibrant Alberta economy. The introduction of affordable service packages for families and individuals also stimulated a market segment wanting convenience and peace of mind that comes with staying in touch.

AGT Mobility remains the cellular leader in Alberta, adding 40 new cell sites during the year. Albertans adopted cellular service in record numbers. Customer growth of 58% gives AGT Mobility the highest ratio in Canada of customers to population at 7%.

?

What is the TELUS group doing to care for the environment?

A

We have established an Environmental Protection Policy to guide our activities. In addition to recycling directories and reducing use of paper, our Peregrine Falcon and FeatherCare programs help protect bird habitats. Our new Green Fund invests money saved from recycling efforts to fund recycling in smaller Alberta communities.

A major achievement for AGT Mobility was surpassing the 100,000 customer mark in October 1994.

Introduction of a variety of price plans and promotions helped customers choose the cellular plan most customized for their needs. Launching new rate plans with free weekends or free after-hours calling attracted many new customers. These plans allow customers to better budget their cellular usage, and provide the company with a more consistent flow of revenue.

Beyond Alberta, the partnership in Mobility Canada brings the latest service offerings to our home market, while providing a seamless national network across the country. This network extends across the U.S. through association with *Mobilink** – giving Alberta customers a consistent and well supported means of communicating by cellular wherever they travel in North America. The Mobility Canada partnership also provides an important window to opportunities in new wireless services and applications.

The paging business enjoyed good customer growth of 28%. AGT Mobility's successful one-day pager delivery system, introduced a year ago, was enhanced with a retail distribution option. AGT Mobility also introduced an exclusive new two-way paging service.

Rapid growth can only be sustained with the highest level of customer service and well managed costs. Understanding this, AGT Mobility improved the call handling ability of its main cellular switch. Significant cost savings are also realized through the TELUS subsidiary, Canadian Mobility Products (CMP). CMP provides cellular phone and pager distribution services for the Mobility Canada companies throughout Western Canada. The size of CMP's buying group gives it increased product choice and lower prices. Unprecedented growth in cellular subscribers prompted a 54% rise in CMP's sales.

Anticipating another year of strong growth, AGT Mobility is considering several new service introductions for the Alberta market, continued expansion of the coverage area, and a focus on developing wireless data capabilities.

Exploring new information services

AGT DIRECTORY

As advertisers seek better value for their money, AGT Directory responded with new ways to improve its 20 white and *Yellow Pages** directories. Community Pages containing local information, such as postal codes, are being added to Alberta directories. Color ad rates were restructured to provide improved pricing, while the quality of display ads was improved.

Providing customers with more value is a key strategy to address increasing competition: in Medicine Hat, Lethbridge and Red Deer, new competitive directories are in the market. In response, AGT Directory has begun changing the way advertising customers are served by placing sales representatives in local communities throughout Alberta. Competition at the national level is also expected to intensify with the Federal Competition Tribunal decision to allow increased competition in the national *Yellow Pages* market.

AGT Directory's local community presence is also felt through a number of community programs. The company's recycling efforts are widely-publicized and promoted, and 32% of old directory books are currently recycled. As an information-intensive business, AGT Directory supports community education programs, most notably ABC Canada Literacy, the 'Imagine' campaign, and the Southern Alberta Stay in School program.

New product development continues to be a major strategic initiative, with activities focused in both print and electronic media. One example is introduction of new electronic information products such as the *Real Estate Assistant*™. This device allows real estate agents to access updated MLS listings using a hand-held digital reader. The product was launched in Edmonton and will be expanded to other markets in 1995.

Directory listings for any area in Canada are now available on CD-ROM as a new AGT Directory product. *PrimeLine Direct*, a new service from AGT Mobility, offers the convenience of having one number, with all calls routed to whatever location the customer prefers – home, office, pager or cellular phone.

? COULD YOU EXPLAIN the concept of multimedia and the information highway?

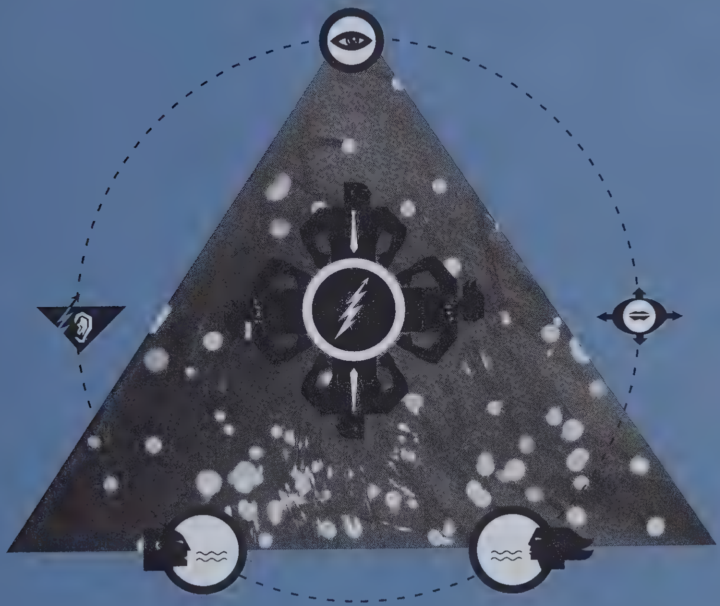
WHAT do they mean for me as a SHAREHOLDER?

MARJORIE FLETT holds TELUS shares as part of a retirement portfolio she has with her husband in Kelowna, British Columbia. They take a keen interest in their investments, and bought TELUS for its security and return.

A People now use a number of different 'media' to send and receive information. VOICE, VIDEO AND DATA are the three primary media, and each has its own delivery network.

With the information highway. ONE NETWORK will be able to handle all three – and more – as 'multimedia'. Multimedia will help you share and use information more effectively, through products and services which encourage you TO INTERACT AND ENGAGE NOT ONLY YOUR MIND, BUT YOUR SENSES.

At TELUS, we believe there should be open entry to the information highway. Any company, individual or organization who wants to provide services or facilities should be able to. In this way, CONSUMERS WILL REAP THE BENEFITS of full and fair competition.



We are also working to ensure that federal regulations encourage competition and allow customers to drive development of the information highway.

As telecommunications companies, cable TV operators, software suppliers and information and entertainment providers converge on the new highway, TELUS must carefully position itself. This will mean giving our customers what they really want and need – services that provide real value.

The future of interactive multimedia services provides A SIGNIFICANT GROWTH OPPORTUNITY for TELUS and OUR SHAREHOLDERS, and if managed in the right ways, could represent a market the size of the telephone industry within a decade.

Strong growth and major outsourcing contracts

ISM (ALBERTA)

The venture between TELUS and ISM Information Systems Management Corporation continues to move forward with newly won computer outsourcing contracts from retail, government and corporate organizations. With over 330 employees in Edmonton and Calgary, ISM (Alberta) has experienced significant growth throughout its two years of operation.

In addition to managing the computing and information systems on a national basis for Mark's Work Wearhouse, ISM (Alberta) signed a long-term contract for all of Husky Oil's outsourcing business in Alberta, and secured a contract with MBI Data Services to provide outsourcing support for the Trimac Group.

In December, ISM (Alberta) and the Alberta Government formed a corporation to deliver accounts payable and payroll services to government departments, public sector organizations and private sector clients.

The new corporation will utilize the Alberta Government's advanced payroll system, which is uniquely suited to the public sector. New features will be added to satisfy private sector requirements. The corporation will begin making the financial services package commercially available in February 1995, first targeting provincial government departments. The company will then market to other large public and private sector organizations in Alberta and across Canada.

Another service growing in demand is *Symphonics**, developed by ISM (Alberta). *Symphonics* is a comprehensive suite of integrated network management capabilities. After its first full year in the Canadian marketplace, the service is now capturing international interest, including Europe and Asia.

ISM (Alberta) also obtained the Canadian rights to CableMaster services, specifically designed to assist cable TV companies in managing the full range of interactive cable services.

? What is meant by the term 'CONVERGENCE'?

A It is the coming together of technologies and industries which once had distinct boundaries: telecommunications, computers, cable TV and entertainment. As these different areas converge, new products and services are being created.

Telecential launches telephone service

T E L E C E N T I A L

Telecential Communications, the TELUS partnership in the cable TV/telephone business in the United Kingdom, accelerated its broadband network build program in 1994. It increased its total cable TV marketable homes for the year by 85,000 to 223,000, or 36% of total homes in its franchise areas. The cable TV subscriber base grew by 32% during the year to 58,900 subscribers.

Telecential achieved one of its major objectives for 1994, with the successful launching of residential and small business telephone service in four of its franchises. The company installed three digital telephone switches, a network operating centre, and a sophisticated billing system. These systems will enable Telecential to offer a wider range of services to its customers, through preferential interconnect agreements with carriers such as British Telecom and Sprint. Telecential built and offered telephone service to 125,000 customer homes and achieved a customers to homes ratio of 9.7%. In the second quarter of 1995, telephone services are expected to be introduced selectively to medium and large business customers.

In December 1994, Telecential successfully concluded a non-recourse debt facility in the amount of £140 million which was arranged by the Chase Manhattan Investment Bank, with a syndicate of international banks. The facility is to be used for Telecential's ongoing capital expenditures and operating cash needs through 1997.

Although the regulatory environment continues to be favourable, there is strong competition in local telephone services from British Telecom and in entertainment services from BSkyB, the direct-to-home satellite provider. Telecential will continue to meet competition through joint cable TV/telephone marketing, establishment of retail stores, competitive pricing, superior customer service and an active local community presence.

In April 1994, Shaw Communications Inc. announced its acquisition of CUC Broadcasting Limited. The transaction, subject to regulatory approval, is expected to conclude in 1995 and will make Shaw a 50% partner in Telecential.

With skills in computer outsourcing and information management, ISM (Alberta) is securing major retail, government and corporate contracts and experiencing continued growth. In the United Kingdom, Telecential achieved a 32% increase in cable TV subscribers, and began offering telephone service in four of its franchise areas.

TELUS QUARTERLY FINANCIAL DATA

($ millions except earnings per share)

Three months ended	Mar. 31	June 30	Sept. 30	Dec. 31	Total
1994					
Operating Revenues	$ 340.5	$ 334.9	$ 329.9	$ 354.8	$ 1,360.1
Operating Expenses	252.3	261.5	264.2	277.0	1,055.0
Income from Operations	88.2	73.4	65.7	77.8	305.1
Interest Expense, Net	23.8	24.7	23.9	22.6	95.0
Other	2.2	–	(5.1)	(4.9)	(7.8)
Income Taxes	1.6	1.6	1.5	1.5	6.2
Net Income	$ 60.6	$ 47.1	$ 45.4	$ 58.6	$ 211.7
Earnings per Common Share	$ 0.44	$ 0.33	$ 0.33	$ 0.42	$ 1.52
Average Number of Common Shares Outstanding	139.3	139.3	139.3	139.3	139.3
1993					
Operating Revenues	$ 297.9	$ 314.0	$ 317.7	$ 332.9	$ 1,262.5
Operating Expenses	246.0	243.6	246.8	236.5	972.9
Income from Operations	51.9	70.4	70.9	96.4	289.6
Interest Expense, Net	21.9	24.2	24.4	24.8	95.3
Other	–	3.5	0.2	4.7	8.4
Income Taxes	1.3	1.5	1.4	1.2	5.4
Net Income	$ 28.7	$ 41.2	$ 44.9	$ 65.7	$ 180.5
Earnings per Common Share	$ 0.21	$ 0.29	$ 0.33	$ 0.47	$ 1.30
Average Number of Common Shares Outstanding	139.2	139.2	139.2	139.2	139.2
1992					
Operating Revenues	$ 302.5	$ 299.6	$ 298.6	$ 286.7	$ 1,187.4
Operating Expenses	237.7	244.3	241.5	228.1	951.6
Income from Operations	64.8	55.3	57.1	58.6	235.8
Interest Expense, Net	15.5	14.6	18.8	14.6	63.5
Other	(0.8)	(4.0)	0.4	(5.2)	(9.6)
Income Taxes	1.5	1.4	0.9	0.3	4.1
Net Income	$ 48.6	$ 43.3	$ 37.0	$ 48.9	$ 177.8
Earnings per Common Share	$ 0.35	$ 0.31	$ 0.27	$ 0.35	$ 1.28
Average Number of Common Shares Outstanding	138.4	138.4	138.4	139.2	138.6

management discussion and analysis

OVERVIEW

	1994	1993	Change	%
net income ($ millions)	$ 211.7	$ 180.5	$ 31.2	17.3
return on common equity – TELUS (%)	12.3	11.0	1.3	–
return on common equity – AGT (%)	11.0	11.5	(0.5)	–
earnings per common share	$ 1.52	$ 1.30	$ 0.22	16.9

TELUS consolidated net income increased $31.2 million in 1994. Income from operations before depreciation and amortization increased by $57.3 million, driven by increased operating revenues net of higher operations expense. However, depreciation and amortization expense increased $41.7 million due to shorter service lives on certain telephone assets and higher plant and equipment balances. As a result, income from operations was up by $15.5 million from 1993.

The $7.8 million of income in 'Other' in 1994 was primarily from a non-recurring reduction in benefit expenses in the TELUS group of companies. In 1993, the carrying values of certain investments were reduced resulting in an $8.4 million loss.

AGT's net income of $164.8 million decreased $6.3 million in 1994, resulting in a lower return on common equity of 11.0%.

RESULTS OF OPERATIONS

Operating revenues

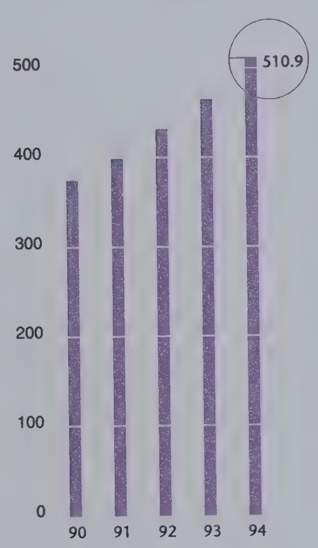
			% of Total	
($ millions)	1994	1993	1994	1993
long distance service	$ 712.2	$ 691.8	52.4	54.8
local service	533.3	470.0	39.2	37.2
other	114.6	100.7	8.4	8.0
OPERATING REVENUES	$1,360.1	$1,262.5	100.0	100.0

Operating revenues increased $97.6 million or 7.7% over 1993. This resulted from lower net payments to long distance revenue sharing plans, AGT rate increases implemented in May 1993 and January 1994, growth in AGT network access lines and growth in AGT Mobility cellular subscribers.

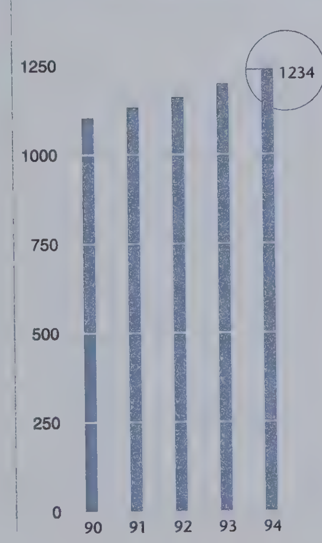
LONG DISTANCE SERVICE	1994	1993	Change	%
revenue ($ millions)	$ 712.2	$ 691.8	$ 20.4	2.9
messages (000's)	510,931	464,488	46,443	10.0

Long distance message volumes exhibited strong growth again in 1994, in spite of average market share losses estimated to be 6.4%. This was offset by increased customer use of savings plans such as *TelePlus** and *Advantage Preferred.* The increase in long distance revenue is attributable to lower net payments to revenue sharing plans, in which AGT participates.

LONG DISTANCE MESSAGES
(millions)



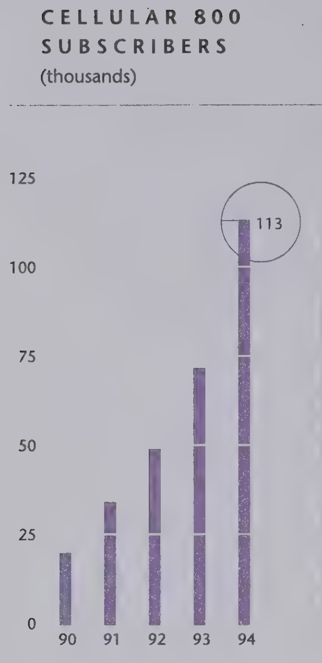
AGT NETWORK ACCESS LINES
(thousands)

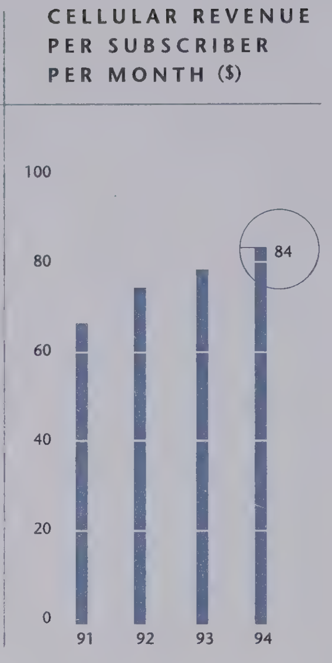


LOCAL SERVICE	1994	1993	Change	%
revenue ($ millions)	$ 533.3	$ 470.0	$ 63.3	13.5
AGT network access lines (000's)	1,234	1,194	40	3.3
cellular 800 subscribers (000's)	113.4	71.7	41.7	58.1
cellular 800 average monthly revenue per subscriber	$ 84	$ 79	$ 5	6.3

Local service revenues are generated primarily by AGT and AGT Mobility.

AGT's local service revenue increased $40.1 million from 1993. Rate increases implemented on May 1, 1993 and January 1, 1994 added $23.9 million to local revenue.





Other factors contributing to the local revenue increase included growth in the number of network access lines, increased service connection revenue, continued growth in customer subscriptions to *Smart Touch* services such as Call Forwarding and Call Waiting, and contribution payments from competitors of $5.0 million.

AGT Mobility local service revenue increased by $23.4 million in 1994 due to the growth in cellular and paging subscribers and higher average revenue per subscriber.

OTHER	1994	1993	Change	%
revenue ($ millions)	$ 114.6	$ 100.7	$ 13.9	13.8

The main component of other revenue is directory advertising and publishing which was $58.4 million for the year, up $1.9 million in 1994. Other major components include building and equipment rentals, amortization of Individual Line Service government grants, revenues earned through partnerships in ISM (Alberta) and Telecential, and revenues from other sources including Canadian Mobility Products. The majority of the increase in other revenue in 1994 is attributed to increased customer bases in ISM (Alberta) and Telecential. Other revenue for 1993 also included a $1.9 million drawdown that depleted AGT's rate stabilization reserve.

Telecential's cable television network added 14,200 customers in 1994, bringing the total to almost 58,900 at year-end. This represents a customers-to-homes ratio of 26.4% (32.5% in 1993). This ratio dropped in 1994 due to rapid expansion of the network and because an increasing proportion of the network is outside the most mature franchise area in Swindon.

Canadian Mobility Products sales of mobile telephones and accessories increased by $1.6 million in 1994 due to rapid growth in the mobility industry across Western Canada.

Operating revenues by major TELUS subsidiary were as follows.

OPERATING REVENUES ($ millions)	1994	1993	Change	%
AGT	$1,227.2	$1,170.7	$ 56.5	4.8
AGT Mobility	96.2	66.3	29.9	45.0
AGT Directory	59.6	56.8	2.8	5.0
other	76.6	55.4	21.2	38.3
consolidation eliminations	(99.5)	(86.7)	(12.8)	(14.8)
OPERATING REVENUES	$1,360.1	$1,262.5	$ 97.6	7.7

Operating expenses

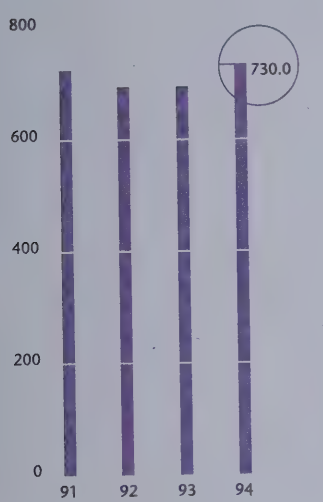
			% of Total	
($ millions)	1994	1993	1994	1993
operations	$ 730.0	$ 689.6	69.2	70.9
depreciation and amortization	325.0	283.3	30.8	29.1
OPERATING EXPENSES	$ 1,055.0	$ 972.9	100.0	100.0

Operating expenses increased by 8.4% over last year due to increases in operations expense and depreciation and amortization.

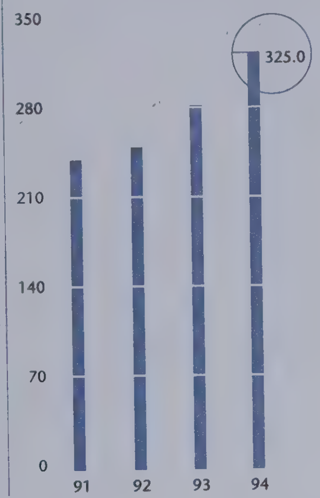
OPERATIONS	1994	1993	Change	%
expense ($ millions)	$ 730.0	$ 689.6	$ 40.4	5.8
employees	7,295	7,739	(444)	(5.7)

Payroll and benefits expense is a significant component of operations expense at $380.8 million in 1994 ($382.5 million in 1993). Savings from workforce reduction initiatives at AGT were offset by higher employment levels in other subsidiaries.

OPERATIONS EXPENSE
($ millions)



DEPRECIATION AND AMORTIZATION
($ millions)



The latest workforce reduction at AGT had only a minor impact on operations expense in 1994. Workforce reduction costs of $19.6 million were $5.5 million higher in 1994 as the costs covered a full year. The balance of deferred workforce reduction costs at the end of 1994 is $131.2 million.

Operations expense for 1994 increased largely to support the higher customer bases in AGT Mobility, ISM (Alberta) and Telecential. In AGT, an increase in operations expense of $13.8 million was attributable to higher data processing charges and competitive positioning efforts, including higher advertising and sales support.

DEPRECIATION AND AMORTIZATION	1994	1993	Change	%
expense ($ millions)	$ 325.0	$ 283.3	$ 41.7	14.7
average depreciation rate	7.5%	7.0%	0.5%	–

The increase in depreciation and amortization expense was caused primarily by increased plant in service and by reduced service lives for certain telephone assets. AGT represents $34.4 million of the increase, Telecential $3.3 million and AGT Mobility $2.3 million. The depreciation rate is adjusted annually based on current estimates of useful remaining lives and related engineering studies.

Operating expenses by major TELUS subsidiary were as follows.

OPERATING EXPENSES ($ millions)	1994	1993	Change	%
AGT	$ 940.3	$ 892.1	$ 48.2	5.4
AGT Mobility	68.7	54.5	14.2	26.2
AGT Directory	55.2	51.1	4.1	7.9
other	90.3	61.9	28.4	45.7
consolidation eliminations	(99.5)	(86.7)	(12.8)	(14.8)
OPERATING EXPENSES	$1,055.0	$ 972.9	$ 82.1	8.4

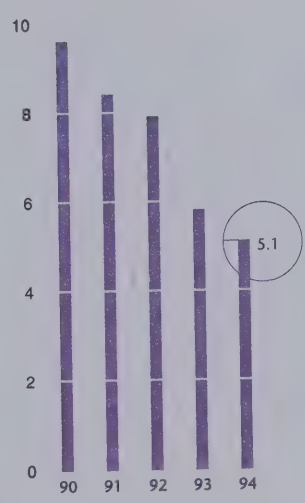
Income from operations

Income from operations increased $15.5 million in 1994. As a percentage of operating revenues, it remained relatively unchanged at 22.4% in 1994 (22.9% in 1993).

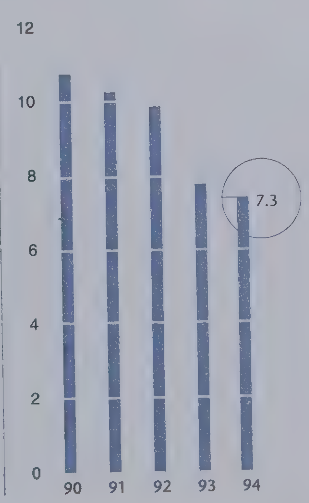
Income from operations by major TELUS subsidiary was as follows.

INCOME FROM OPERATIONS ($ millions)	1994	1993	Change	%
AGT	$ 286.9	$ 278.6	$ 8.3	3.0
AGT Mobility	27.5	11.8	15.7	131.7
AGT Directory	4.4	5.7	(1.3)	(21.2)
other	(13.7)	(6.5)	(7.2)	(107.2)
INCOME FROM OPERATIONS	$ 305.1	$ 289.6	$ 15.5	5.4

AGT EMPLOYEES PER 1,000 ACCESS LINES



TELUS EMPLOYEES
(thousands)



Interest expense and other

($ millions)	1994	1993	Change	%
interest expense, net	$ 95.0	$ 95.3	$ (0.3)	(0.3)
other	(7.8)	8.4	(16.2)	–
INTEREST EXPENSE & OTHER	$ 87.2	$ 103.7	$ (16.5)	(15.9)

Net interest expense decreased slightly. Gross interest expense of $114.4 million ($113.8 million in 1993) increased as a result of higher debt levels which were partially offset by lower interest rates. The average net borrowing cost in 1994 was approximately 9.2% (9.8% in 1993).

'Other' represents non-recurring and non-operational transactions. During 1994, TELUS recorded a $9.4 million income item resulting from reduced benefit costs in its subsidiaries. This was partly offset by a $2.7 million provision to recognize impairment in the carrying value of venture capital investments. In 1993, a loss provision of $9.8 million was recorded to recognize impairment in the carrying value of an investment in Telesat Canada and venture capital investments, offset by net gains from the sale of two small subsidiaries.

Income taxes

($ millions)	1994	1993	Increase	%
income taxes	$ 6.2	$ 5.3	$ 0.9	17.0

On October 4, 1990, the tax basis of TELUS assets was established at an amount that exceeded the recorded carrying values. The benefit relating to the excess of the tax basis over the recorded carrying values is being realized as additional tax deductions over a period of years. In 1994, all of the tax recorded represented the federal large corporations tax.

Capital expenditures

($ millions)	1994	1993	Change	%
AGT	$ 354.7	$ 315.0	$ 39.7	12.6
AGT Mobility	27.4	15.0	12.4	83.1
AGT Directory	2.0	2.7	(0.7)	(28.2)
Telecential*	55.7	12.2	43.5	356.4
other	0.4	7.7	(7.3)	(93.5)
CAPITAL EXPENDITURES	$ 440.2	$ 352.6	$ 87.6	24.8

* represents 50% of Telecential's total expenditures

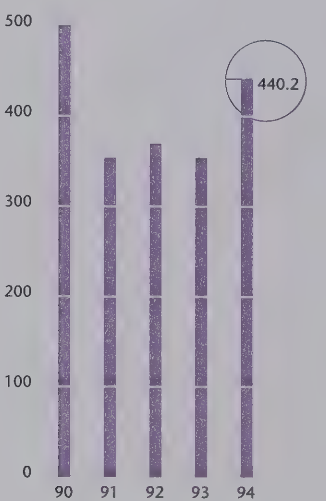
Capital expenditures increased significantly in 1994 as Telecential accelerated its network building program, AGT upgraded its telecommunications network, and AGT Mobility expanded and upgraded its network of cell sites.

AGT's capital expenditures increased primarily to improve the infrastructure needed in an increasingly competitive environment. Expenditures to sustain and expand the infrastructure were $103.1 million ($50.0 million in 1993). These expenditures increased from the previous year primarily from initiatives to improve customer services, such as the billing system replacement, to upgrade communications tools and to establish and administer Equal Access for competitors.

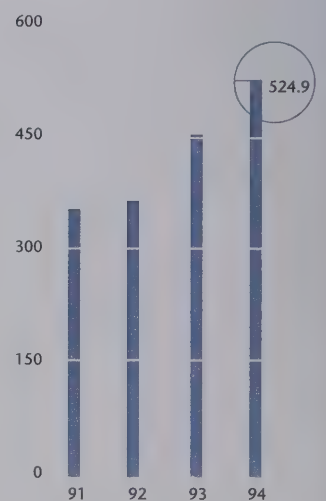
In addition, AGT incurred capital expenditures of $207.3 million ($204.5 million in 1993) for expanding and sustaining the telecommunications network. This increase included the enhancements necessary to deliver new AIN services.

Finally, AGT incurred expenditures totaling $44.3 million ($60.5 million in 1993) for product and service development. The decrease this year resulted mainly from completion and roll out of product development projects started in the previous year, such as *TalkMail*.

CAPITAL EXPENDITURES
($ millions)



CASH FLOW*
($ millions)



* cash from operations before working capital changes

AGT Mobility's capital expenditures increased as 40 new cell sites were added to their network. This expanded geographic coverage, split existing cells to handle the rapid increase in customers, and improved reception for lower power hand-held phones.

Telecential's capital expenditures increased substantially in 1994 due to the acceleration of its cable and telephone network building program. Telecential expanded its cable television network by 85,000 homes to pass 223,000 homes at year end. It also launched telephone service by passing 125,000 homes in 1994.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents

($ millions)	1994	1993	Change	%
cash and cash equivalents	$ 66.6	$ 20.3	$ 46.3	228.1

In 1994, cash and cash equivalents increased by $46.3 million due to cash flow from operating and financing sources exceeding funds needed for investing activities.

Operating activities

($ millions)	1994	1993	Change	%
cash provided by operating activities	$ 462.9	$ 340.0	$ 122.9	36.1

The increase in cash provided by operating activities in 1994 was primarily caused by the combined effects of higher net income, higher depreciation and amortization charges and lower working capital requirements. The net decrease in non-cash working capital of $62.1 million was lower than the decrease of $112.0 million in 1993, primarily due to lower workforce reduction payments in 1994.

Dividends

For both years, total dividend payments remained at $128.1 million. The quarterly dividend payment was $0.23 per common share.

Financing activities

($ millions)	1994	1993	Change	%
cash provided by financing activities	$ 137.2	$ 67.4	$ 69.8	103.7

The issue of $200 million ten-year 9 1/2% debentures by AGT on August 24th was the single largest financing activity in 1994. Proceeds from this debt issue were applied to repayment of other AGT indebtedness. To reduce interest costs in 1994, AGT entered into a ten-year fixed to floating interest rate swap arrangement. Other issues of long-term debt in 1994 totalling $12.2 million ($6.3 million in 1993) included $10.0 million in bank loans and capital leases undertaken by Telecential and the remainder being 50% of the capital lease obligations of ISM (Alberta).

Repayments of long-term debt of $134.7 million in 1994 included repayments of $100 million in long-term notes owed by AGT, $28.3 million owed by TELUS for its equity interest in Telecential, and $3.4 million in repayments on a letter of credit. A further $5.0 million in payments were made in respect of sinking fund contributions, capital lease obligations owed by ISM (Alberta) and mortgage repayments.

Investing activities

($ millions)	1994	1993	Change	%
cash used by investing activities	$ 425.7	$ 373.3	$ 52.4	14.0

Capital expenditures net of non-cash items at $424.0 million in 1994 ($327.6 million in 1993) formed the major component of TELUS's investing activities. The remainder of cash used of $1.6 million in 1994 ($45.7 million in 1993) was related to other investments. In 1993, the primary investment was in Telecential.

Short-term credit facilities

The $60.4 million change in notes payable in 1994 represented an increase in AGT's commercial paper to $96.7 million at year end. To meet temporary cash needs, AGT has a commercial paper program with an approved maximum limit of $300 million, supported by committed bank credit facilities as needed. In 1994, revolving bank credit facilities for TELUS and AGT at $100 million and $175 million, respectively, remained unchanged from the previous year. At the end of 1994, no bank indebtedness was outstanding.

Liquidity and capital resource ratios

	1994	1993	Change
net total debt to total capital (%)	40.7	39.2	1.5
construction funded internally (%)	78.9	64.7	14.2
cash flow to net long-term debt (%)	41.8	32.7	9.1

The debt component in total capitalization for TELUS increased moderately. The increase in cash from operating activities resulted in increases in the other two ratios.

Credit ratings

	1994	1993
CBRS – commercial paper	A-1 +	A-1 +
CBRS – debentures	A+ (low)	A+ (low)
DBRS – commercial paper	R-1 (mid)	R-1 (mid)
DBRS – debentures	AA (low)	AA

In 1991, AGT received credit ratings from the Dominion Bond Rating Service (DBRS) and the Canadian Bond Rating Service (CBRS). Credit ratings remained unchanged until 1994.

Following the CRTC's decision in June 1992, which permitted long distance competition in most of Canada, both CBRS and DBRS issued cautionary 'negative outlooks' for regional carriers, including AGT. In 1993 and 1994, DBRS downgraded the credit ratings of all Canadian regional telecommunications carriers while CBRS downgraded certain carriers. In February 1994, DBRS downgraded the long-term debt rating of AGT to AA(low) with 'stable outlook' while leaving the commercial paper rating unchanged. DBRS attributed the downgrade to its concern for industry-wide increased business and regulatory risks. Aside from this one rating downgrade, the credit ratings of AGT remained unchanged in 1994. Following the CRTC decision in September 1994 in respect of the Regulatory Framework Proceeding, both agencies confirmed the debt ratings of established telecommunications carriers, and CBRS removed the 'negative outlook' status. The ratings of AGT debt are equivalent to those of other major telecommunications carriers in Canada.

OUTLOOK

The major events anticipated to affect the financial performance of the TELUS group in 1995 and beyond are the pending acquisition of ED TEL and a large number of ongoing policy and regulatory proceedings. These proceedings will influence the competitive marketplaces in which TELUS subsidiaries operate.

Purchase of Edmonton Telephones (ED TEL)

Closing of the purchase of ED TEL is to occur on or before March 10, 1995, if approval satisfactory to TELUS and the City of Edmonton is received from the Director of Investigation and Research (Competition Act).

ED TEL has approximately 400,000 network access lines, 2,000 full time employees and annual revenue of over $300 million. The purchase of ED TEL would extend the TELUS serving area for telecommunications services to include the City of Edmonton. The 627,000 residents of Edmonton represent almost a quarter of the population in Alberta. In addition to local telephone service, ED TEL provides directory publishing and advertising services and mobile communication services.

ED TEL, although regulated by the CRTC, is also subject until October 1998 to a set of special provisions contained in a federal government directive. These include:

i) an above average allowed rate of return on equity range of 11.5% to 13.5% in the local telephone business,

ii) a recovery in the local telephone business of a shareholder entitlement to a portion of the additional tax deductions arising from the privatization of ED TEL, and

iii) only part of ED TEL's Yellow Pages business would be included in determining ED TEL's allowed rate of return.

The result of these beneficial provisions should be significantly higher ED TEL earnings ($25.6 million in 1993) during the term of the government directive.

The purchase of ED TEL shares for $465 million would result in an ED TEL equity level of $173 million and goodwill of $292 million to be amortized over 12 years.

Competition

The TELUS Group will face increased competition in 1995, most notably in the markets served by AGT.

Long distance market In 1994, AGT experienced for the first time significant competition in the long distance voice market from several large and established resellers and facilities based carriers. These competitors were granted access to AGT's network on an equal (no extra dialing) basis in October. Therefore, the effectiveness of competitors will be enhanced throughout 1995.

In addition, long distance competitors are attempting to secure additional advantages from the CRTC. This includes a 1994 request to establish a balloting process to ask telephone customers to preselect a long distance service provider. The CRTC is expected to issue a decision on this in the first quarter of 1995.

Certain competitors and interest groups were successful in requesting the federal cabinet to direct the CRTC to reconsider that part of the 1994 Regulatory Framework Decision dealing with rate rebalancing. Under rate rebalancing, the CRTC would have allowed AGT and other Stentor members to increase local rates by $2 per month for each of the next three years and to reduce residential and small business long distance rates by corresponding amounts. The CRTC has been asked by the federal cabinet to reconsider this decision by October 31, 1995.

A CRTC proceeding is also underway to consider alternative methods of collecting contribution payments for the local service subsidy in Alberta, which is an issue for long distance competitors in the Edmonton market.

The outcome of the CRTC's decisions on balloting, rate rebalancing, and the collection of contribution payments from competitors in 1995 will have an impact on the future evolution of long distance competition in Alberta. AGT is forecasting its revenue share of the growing long distance market to decline from an average of 93% in 1994 to 83% in 1995.

Local market In the 1994 Regulatory Framework Decision, the CRTC opened the local telephone service market to competition from all service providers including cable TV companies, wireless communication providers and electric utilities. While the CRTC allowed telephone companies greater freedom to produce and carry information services, it has not yet granted telephone companies the licences they require to compete directly with cable TV companies in the provision of broadcasting services. AGT expects competition in local telephone service markets to intensify in the next few years.

Information highway/convergence proceeding

In October 1994, the federal government, through Industry Canada, directed the CRTC to conduct hearings on the development of the information highway as part of the government's public consultation process. The CRTC will hold public hearings beginning on March 6, 1995, with recommendations due in May 1995 on the following three broad subject areas:

i) the interconnection, interoperability and sharing of all distribution facilities, which covers both telecommunications and cable TV broadcasting networks,

ii) the contribution to Canadian content in broadcast programming, and

iii) the implementation of further measures to increase fair competition in telecommunications and broadcasting services.

The government is looking for a timetable and transitional measures to help determine its expanded competition and Canadian content policies.

TELUS and over 670 other interested parties submitted positions to the CRTC in January 1995. A limited number of groups will be invited to appear at the public hearing. The TELUS position is that the government should remove the artificial barriers that limit customers from receiving the best service from a competitive communications marketplace. This is in contrast to the Canadian Cable Television Association that has called for a five to seven year delay in allowing telephone companies reciprocal access to compete with cable television operators.

Other regulatory developments

The volume of regulatory activity in Canada will reach new heights in 1995. In addition to the proceedings discussed above, the future development of telecommunications in Alberta and Canada will be shaped by a number of other CRTC regulatory proceedings in the first half of 1995, with most decisions expected in the fall of 1995 or early in 1996. These include splitting the revenue, expense and asset base of AGT into utility and competitive segments; determining the carrier access tariff that all long distance providers, including AGT, will pay to the utility segment of AGT; and examining AGT's broadband network initiatives.

TELUS or AGT will be active participants in these regulatory proceedings, the outcomes and consequences of which remain uncertain.

Income outlook

In an increasingly competitive environment and with regulatory rules under change or challenge, the variation between forecasts and actual financial results is likely to increase. AGT's income may be reduced in 1995 due to reduced long distance revenue. Without rate increases, AGT may not reach the overall 11% return on equity achieved in 1994. However, offsetting AGT's performance are expected income improvements in most other subsidiaries.

Liquidity and capital resources

TELUS believes it has access to internal and external capital resources to finance its cash requirements in 1995.

The quarterly dividend per share payable on April 13, 1995 was set at $0.23 on February 8, 1995, unchanged from 1994.

TELUS plans to introduce a dividend reinvestment and share purchase plan for shareholders in 1995. The terms and conditions of this plan will initially include pricing of TELUS common shares at 95% of market price for reinvested dividends. These shares are initially anticipated to be treasury offerings, thereby providing a source of equity financing for TELUS.

To fund Telecential's ongoing capital expenditures and operating cash needs in certain franchise areas, a £140 million non-recourse nine-year bank loan facility was finalized in December 1994. Repayments are scheduled to begin in 1998 with final repayments no later than February 2004.

Drawdowns under this floating rate facility commenced in December and are anticipated to continue until 1997, in accordance with construction schedules and compliance to covenants, including those on cash flows and subscriber counts. Such compliance may require additional funding by TELUS. Funding for Telecential's additional construction and operational activities in other franchise areas may also be required in 1995.

The Telecential loan facility also requires by June 1995 the purchase of sterling interest rate caps on 50% of projected debt outstanding at the end of Telecential's 1996 fiscal year, at rates not to exceed 9%. In January 1995, AGT purchased forward rate agreements and interest rate caps to limit the floating rate exposure in 1995 on $200 million of AGT debentures. These forward rate agreements and caps are financial instruments designed to help TELUS manage its cost of debt.

To fund the possible purchase of ED TEL, TELUS signed an agreement for a $500 million five-year floating rate bank facility in January 1995. On closing of the share purchase, ED TEL will have approximately $165 million in long-term notes.

No other financing activities are required in 1995 for repayment of long-term debt. However, with a heavier debt repayment schedule beginning in 1996, AGT may access capital markets in 1995, if market conditions are favourable.

Capital expenditures for TELUS should be approximately the same in 1995 as compared to 1994. Telecential's expenditures will increase due to rapid construction of the cable television and telephone network. In addition, the capital expenditures for AGT Mobility are anticipated to increase, in response to increased demand by cellular subscribers and to fund new wireless opportunities. AGT's capital needs are expected to be lower in 1995. The main factors contributing to the decrease include completion of several new service platforms in 1994 such as those for *TalkMail* and enhanced *800 Service**. In addition, infrastructure improvement projects developed during 1994, such as the new billing system, have been completed or are nearing completion. Also contributing to reduced capital needs are a smaller AGT workforce and other business restructuring.

SEGMENTED INFORMATION

While all TELUS activities fall within the telecommunications industry, the following information is presented to illustrate the relative financial results of AGT compared to other subsidiaries.

	AGT Limited		Others and Eliminations		TELUS Consolidated	
($ millions)	1994	1993	1994	1993	1994	1993
INCOME STATEMENT DATA						
Operating Revenues	$1,227.2	$1,170.7	$ 132.9	$ 91.8	$1,360.1	$1,262.5
Operations Expense	641.7	627.9	88.3	61.7	730.0	689.6
Depreciation and Amortization	298.6	264.2	26.4	19.1	325.0	283.3
Operating Expenses	940.3	892.1	114.7	80.8	1,055.0	972.9
Income from Operations	286.9	278.6	18.2	11.0	305.1	289.6
Interest Expense, net	96.4	96.8	(1.4)	(1.5)	95.0	95.3
Other	(10.1)	5.1	2.3	3.3	(7.8)	8.4
Income Taxes	35.8	5.6	(29.6)	(0.2)	6.2	5.4
Net Income	$ 164.8	$ 171.1	$ 46.9	$ 9.4	$ 211.7	$ 180.5

	1994	1993	1994	1993	1994	1993
BALANCE SHEET DATA as at Dec. 31						
Current Assets	$ 240.9	$ 219.1	$ 110.3	$ 59.3	$ 351.2	$ 278.4
Property, Plant and Equipment	2,741.7	2,696.7	167.0	101.6	2,908.7	2,798.3
Other Assets	195.8	136.1	28.0	31.4	223.8	167.5
Total Assets	$3,178.4	$3,051.9	$ 305.3	$ 192.3	$3,483.7	$3,244.2
Liabilities:						
Current	$ 470.5	$ 406.8	$ 20.7	$ 24.3	$ 491.2	$ 431.1
Deferred	134.7	148.5	0.1	0.1	134.8	148.6
Long-Term	1,077.8	988.0	20.4	9.2	1,098.2	997.2
Shareholders' Equity	1,495.4	1,508.6	264.1	158.7	1,759.5	1,667.3
Total Liabilities and Shareholders' Equity	$3,178.4	$3,051.9	$ 305.3	$ 192.3	$3,483.7	$3,244.2

Note: Certain comparative financial information has been reclassified to conform with the 1994 presentation.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and information in the Annual Report are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared in conformity with Canadian generally accepted accounting principles and of necessity include some amounts that are based on estimates and judgements. Financial information presented in the Annual Report that relates to the operations and financial position of TELUS Corporation is consistent with that in the consolidated financial statements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and an internal audit program. This system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Company has also established a code of ethics and corporate directives which require communication of the code to employees.

The Board of Directors carries out its responsibility for the financial statements through its Audit Committee, which consists entirely of outside members of the TELUS Board. This Committee meets periodically with management, the internal auditors and the external auditors to discuss and review audit and financial matters, and recommends the financial statements to the TELUS Board for approval. The Company's internal and external auditors have full and free access to the Audit Committee.

Deloitte & Touche, the Company's external auditors, provide an independent audit of the consolidated financial statements. Their examination is conducted in accordance with generally accepted auditing standards and includes tests and other procedures which allow the auditors to report on the fairness of the consolidated financial statements prepared by management.

Edmonton, Alberta
February 7, 1995

G.K. Petty
President and Chief
Executive Officer

G.W. Goertz
Executive Vice-President,
Finance and Chief
Financial Officer

AUDITORS' REPORT

To the Shareholders of TELUS Corporation

We have audited the consolidated balance sheet of TELUS Corporation as at December 31, 1994 and 1993 and the consolidated statements of income, retained earnings and changes in financial position for the years ended December 31, 1994 and 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1994 and 1993 and the results of its operations and the changes in its financial position for the years ended December 31, 1994 and 1993 in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
Edmonton, Alberta
February 7, 1995

CONSOLIDATED STATEMENT OF INCOME

(thousands of dollars except per share amounts)	For the year ended December 31 1994	1993
Operating Revenues		
Long distance service	$ 712,197	$ 691,847
Local service	533,358	469,948
Other	114,595	100,692
	1,360,150	1,262,487
Operating Expenses		
Operations	729,995	689,669
Depreciation and amortization	325,013	283,268
	1,055,008	972,937
Income from Operations	305,142	289,550
Interest expense, net (Note 2)	94,993	95,276
Other	(7,818)	8,383
	87,175	103,659
Income before Income Taxes	217,967	185,891
Income taxes (Note 3)	6,234	5,347
Net Income	$ 211,733	$ 180,544
Earnings per Common Share	$ 1.52	$ 1.30

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(thousands of dollars)	For the year ended December 31 1994	1993
Retained Earnings, Beginning of Year	$ 204,837	$ 152,395
Net income	211,733	180,544
Dividends on common shares	(128,169)	(128,102)
Retained Earnings, End of Year	$ 288,401	$ 204,837

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	For the year ended December 31	
(thousands of dollars)	1994	1993
OPERATING ACTIVITIES		
Net income	$ 211,733	$ 180,544
Items not affecting cash		
Depreciation and amortization	325,013	283,268
Allowance for funds used during construction	(8,278)	(6,543)
Drawdown of rate stabilization reserve	–	(1,934)
Amortization of workforce reduction costs	19,575	14,081
Other	(15,787)	(9,910)
Sinking fund earnings	(7,324)	(7,489)
	524,932	452,017
Net change in non-cash working capital	(62,056)	(111,978)
Cash Provided by Operating Activities	462,876	340,039
Dividends	(128,148)	(128,090)
FINANCING ACTIVITIES		
Issue of long-term debt	212,231	6,271
Issue of notes payable	60,432	36,300
Repayment of long-term debt	(134,654)	(17,298)
Sinking fund contributions	(2,000)	(2,000)
Financing commitment on investment in Telecential Communications	–	43,411
Issue of common shares	1,226	677
Cash Provided by Financing Activities	137,235	67,361
INVESTING ACTIVITIES		
Capital expenditures	(440,228)	(352,647)
Items not affecting cash	16,200	25,013
Acquisition of interest in Telecential Communications	–	(44,840)
Decrease (increase) in investments	(1,275)	4,162
Other	(354)	(4,984)
Cash Used by Investing Activities	(425,657)	(373,296)
Increase (Decrease) in Cash	46,306	(93,986)
Cash, Beginning of Year	20,261	114,247
Cash, End of Year	$ 66,567	$ 20,261

For the purpose of this statement, cash is defined as 'Cash and short-term deposits.'

CONSOLIDATED BALANCE SHEET

(thousands of dollars)	As at December 31 1994	1993
ASSETS		
Current		
Cash and short-term deposits	$ 66,567	$ 20,261
Accounts receivable	251,833	224,279
Prepaid expenses and other	32,787	33,833
	351,187	278,373
Property, Plant and Equipment, net (Note 4)	2,908,716	2,798,326
Other Assets		
Deferred charges (Note 5)	147,751	94,036
Investments (Note 6)	20,649	19,374
Net investment in leases and other	33,141	30,145
Goodwill	22,278	23,946
	223,819	167,501
	$ 3,483,722	$ 3,244,200
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 294,663	$ 270,518
Dividends payable	32,048	32,027
Service billed in advance	57,279	49,971
Debt due within one year (Note 7)	107,250	78,546
	491,240	431,062
Deferred Revenue	134,763	148,621
Long-Term		
Long-term debt (Note 8)	1,176,952	1,066,670
Less: Sinking fund assets (Note 9)	78,737	69,413
	1,098,215	997,257
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	1,465,070	1,463,844
Cumulative Foreign Currency Translation Adjustment	6,033	(1,421)
Retained Earnings	288,401	204,837
	1,759,504	1,667,260
	$ 3,483,722	$ 3,244,200

On Behalf of the Board:

Director

Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and in conformity with prevailing practices in the Canadian telecommunications industry. These statements conform in all material respects with International Accounting Standards.

The term 'Company' is used to mean TELUS Corporation and, where the context of the narrative permits or requires, its subsidiaries and partnerships.

a. Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its proportionate share of the assets, liabilities, revenues and expenses of its 50%-owned partnerships. Principal wholly-owned subsidiaries are AGT Limited, AGT Mobility Inc., AGT Directory Limited and TELUS Information Services Inc., including its 50% interest in Telecential Communications and ISM Information Systems Management (Alberta) partnerships.

All significant intercompany transactions have been eliminated.

b. Regulation

AGT Limited and AGT Mobility Inc. are regulated under the Telecommunications Act by the Canadian Radio-television and Telecommunications Commission (the 'CRTC'). In its role as regulator of AGT Limited, the CRTC sets the allowed rate of return, and approves tariffs, interconnection and working agreements with other carriers, and major intercorporate transactions. It also periodically issues directives which affect the accounting treatment of specific items in the company's accounts and annually reviews the construction program. Since August 12, 1994, the CRTC no longer requires approval of AGT Mobility Inc.'s tariffs for the provision of wireless communication services. Telecential Communications is regulated under British laws and regulations governing local delivery of services and construction schedules.

Telecom Decision CRTC 94-19 introduces a new regulatory framework that significantly reduces regulation, broadens the competitiveness in telephony markets and opens up new markets to telephone companies. The decision sets the objective of replacing traditional rate of return regulation with price cap regulation for Utility (local monopoly) services beginning January 1, 1998. In the interim period, AGT Limited's rate base will be split into a Utility segment, subject to earnings regulation, and a Competitive segment, which will be subject to a minimum of regulation. At the same time, the CRTC is expanding competition by removing barriers to entry into telecommunications markets, including local exchange services. Subject to compliance with licensing requirements and current legislative restrictions, AGT Limited may develop and distribute multimedia broadband services, including video on demand.

No adjustments were made to 1994 results as a consequence of Telecom Decision CRTC 94-19. The future impact of this decision on AGT Limited is uncertain as further CRTC hearings will be held in 1995 and beyond to implement the splitting of the rate base and to clarify other regulatory issues raised by this decision.

c. Property, Plant and Equipment

Property, plant and equipment is recorded at original cost and includes materials, direct labour and certain overhead costs associated with construction activity. AGT Limited also includes an allowance for funds utilized during construction which provides for a return on total capital invested in new telephone plant during the construction period. This allowance is included in income as a reduction of current interest expense and is expected to be realized over the service life of the plant.

Materials and supplies are valued at average cost.

d. Depreciation

Depreciation is provided on a straight-line basis using rates determined by a continuing program of engineering studies, calculated to allocate to operations the cost of groups of property with equal service lives over the estimated useful lives of the groups. AGT Limited's depreciation rates are reviewed and approved by the CRTC. The composite depreciation rate for the year ended December 31, 1994 was 7.54% (1993 - 6.97%).

When depreciable property, plant and equipment is sold by the Company, the original cost less accumulated depreciation is netted against the sale proceeds and the difference is included in the Consolidated Statement of Income. However, when depreciable property, plant and equipment not subject to resale in the ordinary course of business is retired by AGT Limited, the original cost, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation and gains or losses on disposal are allocated to operations over the remaining estimated useful lives of appropriate property groups.

e. Investment in Leases

Unearned finance income related to sales-type leases is recognized over the lease term to produce a constant rate of return on the investment in the lease.

f. Goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value attributed to its identifiable net assets and is amortized on a straight-line basis over 15 years.

g. Deferred Charges

Discounts on long-term debt are amortized to interest expense on a straight-line basis over the remaining lives of the related liabilities. Where interest coupons and residuals are held as separate investments in sinking funds, discounts are amortized over the period to maturity or call date so as to produce a constant rate of return on the investments.

Other deferred charges are amortized to Operating Expenses on a straight-line basis.

h. Deferred Revenue

Deferred revenue relates primarily to contributions from the Government of Alberta under the Individual Line Service program, which is recognized as income on a straight-line basis over the estimated useful life of the related assets. The amount to be recognized as income within one year is included with Service Billed in Advance in the Consolidated Balance Sheet.

i. Translation of Foreign Currencies

All of the assets and liabilities of the Company's foreign operation are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date; revenue and expense items are translated at the average rates of exchange for the year. Gains or losses arising from translation are deferred and recorded in the Consolidated Balance Sheet under the heading Cumulative Foreign Currency Translation Adjustment.

Monetary assets and liabilities of the Company's Canadian operations denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Other assets and liabilities and items affecting earnings are converted at rates of exchange in effect at the date of the transaction. Gains or losses arising from translation of non-current monetary items are deferred and amortized over the remaining lives of the assets and liabilities.

j. Income Taxes

The Company and its subsidiaries other than AGT Limited use the deferral method of accounting for income taxes. AGT Limited, as directed by the CRTC, uses a modified liability method to account for deferred income taxes whereby minor adjustments to the income tax liability arising from changes to the statutory income tax rates are taken into earnings in the year in which the change occurs. Where such a treatment would have a significant impact on net income, the CRTC may consider a longer amortization period.

Under both the deferral and liability methods, the provision for income taxes is based on accounting income included in the statement of income regardless of when such income is subject to tax.

k. Research and Development

Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the life of the commercial production or, in the case of serviceable property, plant and equipment, are included in the appropriate property group and are depreciated over its estimated useful life. Research and development costs incurred during the year amounted to $50,707,000 (1993 - $29,650,000).

2. INTEREST EXPENSE

(thousands of dollars)		Year ended December 31 1994	1993
Interest:	Long-term debt	$ 106,775	$ 109,300
	Other	7,595	4,464
		114,370	113,764
Less:	Sinking fund income	7,324	7,489
	Allowance for funds used during construction	8,278	6,543
	Interest income	3,775	4,456
		19,377	18,488
		$ 94,993	$ 95,276

3. INCOME TAXES

As a result of its 1990 reorganization and privatization, the tax bases of the Company's assets were established at amounts in excess of their carrying values. The future benefit relating to the excess has not been recorded in these financial statements but is being realized as additional tax deductions over a period of years. Subject to the Company's entitlement described in the following paragraph, the benefit of AGT Limited's additional tax deductions is expected to be passed on to subscribers in future periods.

The Company is entitled to a portion of the benefit of income tax savings which will result from the utilization by AGT Limited of its additional tax deductions. In CRTC decisions in 1993 and 1994, the amount of the Company's entitlement was initially established, subject to adjustments arising from reassessments by Revenue Canada, to be $183,000,000 plus a return of between 5% and 8.8% on any unpaid balance. This entitlement is being recognized by the Company as increased revenue in the Consolidated Statement of Income based on a schedule approved by the CRTC. Revenues in respect of this entitlement recognized during the year amounted to $30,000,000 (1993 - $nil).

Revenues to be recognized in respect of the Company's entitlement in future years, subject to adjustments arising from reassessments, are as follows:

	(thousands of dollars)
1995	$ 33,155
1996	34,368
1997	35,550
1998	20,467
1999 and thereafter	95,827

The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to pre-tax income and the income taxes actually provided in the accounts:

	Year ended December 31			
	1994		1993	
	(thousands of dollars)	%	(thousands of dollars)	%
Income before income taxes	$217,967		$ 185,891	
Statutory income tax	$ 96,647	44.3	$ 82,270	44.3
Adjusted for the effect of:				
Allowance for funds used during construction	(2,258)	(1.0)	(1,885)	(1.0)
Realization of additional tax deductions	(102,267)	(46.9)	(79,512)	(42.8)
Other	7,878	3.6	(1,441)	(0.8)
Income taxes before the undernoted	–	–	(568)	(0.3)
Large corporations tax	6,234	2.9	5,915	3.2
Income taxes	$ 6,234	2.9	$ 5,347	2.9

4. PROPERTY, PLANT AND EQUIPMENT

	December 31	
(thousands of dollars)	1994	1993
Buildings, plant and equipment	$ 4,378,029	$ 4,155,350
Less: Accumulated depreciation and amortization	1,688,361	1,524,042
	2,689,668	2,631,308
Land	52,677	53,569
Plant under construction	147,783	89,549
Materials and supplies	18,588	23,900
	$ 2,908,716	$ 2,798,326

5. DEFERRED CHARGES

	December 31	
(thousands of dollars)	1994	1993
Workforce reduction costs	$ 131,232	$ 83,807
Loss on disposal of data processing equipment	4,275	5,715
Discounts on long-term debt and other	12,244	4,514
	$ 147,751	$ 94,036

During 1992, AGT Limited carried out a workforce reduction program. As directed by the CRTC in Decision 93-18, the cost of this program is being amortized to operating expenses over five years. The amount of amortization recorded in 1994 was $18,693,000 (1993 - $14,081,000).

During 1994, AGT Limited announced a new workforce reduction program. The cost of this program of $67,000,000 is being amortized to operating expenses over five years consistent with the 1992 workforce reduction program cost. The amount of amortization recorded in 1994 was $882,000 (1993 - $nil).

6. INVESTMENTS

(thousands of dollars)	December 31 1994	1993
Carried at written down cost –		
Alouette Telecommunications Inc./Telesat Canada	$ 19,352	$ 19,352
Other	1,297	22
	$ 20,649	$ 19,374

7. DEBT DUE WITHIN ONE YEAR

(thousands of dollars)	December 31 1994	1993
Notes payable under commercial paper program	$ 96,732	$ 36,300
Current portion of long-term debt	10,518	42,246
	$ 107,250	$ 78,546

8. LONG-TERM DEBT

(thousands of dollars)	December 31 1994	1993
Notes payable:		
10.55% repaid June 1994	$ –	$ 100,000
10.05% due March 1996	150,000	150,000
9.30% due January 1997	200,000	200,000
9.80% due July 1997	200,000	200,000
9.90% due July 1998	200,000	200,000
12.00% due November 1999	50,000	50,000
11.80% due May 2003	150,000	150,000
	950,000	1,050,000
9.50% Debentures Series A due August 2004 (see (d) below)	200,000	–
Non-interest bearing loan (see (e) below)	8,167	11,556
Capital leases payable (see (f) below)	15,316	10,976
Non-recourse bank loans (see (g) below)	6,588	–
Amount owing on investment in Telecential Communications	–	28,207
Other	7,399	8,177
	237,470	58,916
	1,187,470	1,108,916
Less: Current portion	10,518	42,246
	$1,176,952	$1,066,670

a. The outstanding 12.00% (due November 1999) and 11.80% (due May 2003) notes are secured by the sinking fund assets of the Company. The other notes are unsecured.

b. In accordance with note terms, those notes identified in (a) above require annual sinking fund contributions of 1.00% of the principal amounts outstanding until one year prior to maturity.

c. The outstanding 11.80% (due May 2003) note has an early redemption provision at the Company's option during the three years prior to maturity.

d. The outstanding 9.50% Debentures Series A (due August 2004) are issued under the AGT Limited Trust Indenture dated August 24, 1994 and are not secured by any mortgage, pledge or other charge. The Company has entered into an interest rate swap contract to effectively modify the interest rate on these Debentures to a floating rate based on bankers acceptance rates. The effective rate of interest on the Debentures Series A for the year ended December 31, 1994 was 5.84 %.

e. The non-interest bearing loan is secured by an irrevocable letter of credit and will be repaid during 1995. This liability is denominated in U.S. dollars and is hedged by a foreign exchange contract.

f. The capital leases have a weighted average interest rate of 13.29% (1993 - 13.58%). Included in capital leases is the Company's 50% share of Telecential Communications' lease obligations of $11,205,000 (1993 - $5,761,000).

g. To fund its ongoing capital construction program, the Company's 50%-owned partnership, Telecential Communications, has established a $307,454,000 (British Pounds Sterling £140,000,000) non-recourse credit facility which can be drawn as certain operating and financial covenants are achieved. Borrowings under this credit facility bear a floating rate of interest based on the United Kingdom LIBOR rate and are secured by a charge over assets, undertaking and business carried on by Telecential Communications within certain franchise areas.

h. Anticipated requirements to meet long-term debt repayments and sinking fund provisions during the next five years from December 31, 1994 are as follows:

(thousands of dollars)	Requirement for Long-Term Debt Repayments and Sinking Fund Provisions	Requirement to be met by Sinking Fund Assets
1995	$ 12,518	$ –
1996	155,896	–
1997	405,779	–
1998	210,067	–
1999	53,777	33,984

9. SINKING FUND ASSETS

Sinking fund assets relate to the Company's notes payable and consist of the following:

	December 31	
(thousands of dollars)	1994	1993
Debentures, at amortized cost:		
Government of Canada, direct and guaranteed	$ 32,089	$ 28,908
Alberta Government Telephones Commission	41,895	38,050
	73,984	66,958
Short-term deposits	4,716	2,436
Accrued interest	37	19
	$ 78,737	$ 69,413

Assets in the sinking fund have an approximate market value of $83,125,000 as at December 31, 1994 (1993 - $87,670,000).

10. SHARE CAPITAL

Authorized Share Capital

Unlimited number of First Preferred Shares, issuable in series
Unlimited number of Second Preferred Shares, issuable in series
1 Special Share
Unlimited number of Common Shares

Issued Share Capital

	December 31			
	1994		1993	
	Number of Shares	Amount (thousands of dollars)	Number of Shares	Amount (thousands of dollars)
Special Share	1	$ –	1	$ –
Common Shares				
Beginning of Year	139,247,330	1,463,844	139,194,930	1,463,167
Exercise of stock options	92,142	1,226	52,400	677
Other	104	–	–	–
End of Year	139,339,576	1,465,070	139,247,330	1,463,844
		$1,465,070		$ 1,463,844

Preferred Shares

The holders of First and Second Preferred Shares of each series shall not be entitled to attend shareholders meetings or to vote at such meetings unless the Company from time to time shall fail to pay, in the aggregate, eight quarterly dividends on any series of the First or Second Preferred Shares on the dates on which they should be paid.

Special Share

The Special Share may only be issued to and held by the Government of Alberta. The Special Share does not entitle the holder to receive dividends declared by the Company.

The holder of the Special Share is entitled to a special class vote which will allow such holder the right to vote against ('special vote') a proposal to effect one of the fundamental changes described in the 1990 Alberta Government Telephones Reorganization Act. Fundamental changes by the Company would include changing its name, issuing or allotting voting shares of AGT Limited to any person other than the Company, selling or otherwise disposing of any voting shares of AGT Limited, selling, leasing or exchanging substantially all of its property, ceasing to carry on business, and amalgamating with any other corporation (subject to certain exceptions in the case of amalgamation with wholly-owned subsidiaries). The effect of the special vote, if it is cast against a proposal to effect one of the specified fundamental changes, shall be to preclude the Company from carrying out the proposal regardless of whether the directors or shareholders of the Company have voted in favour of such a proposal.

The Special Share shall be redeemed by the Company at a redemption price of $1.00 on July 25, 1995. The Special Share is redeemable prior to this date at the option of the holder.

Common Shares

No one person as beneficial owner nor any group of associated persons as beneficial owners shall hold voting shares which exceed 5% of the total number of issued and outstanding voting shares. The number of voting shares held by non-residents of Canada as beneficial owners shall not exceed, in the aggregate, 10% of the total number of issued and outstanding voting shares.

Stock Option Plan

The Company has an executive stock option plan under which officers and key employees received common share purchase options at a price not less than the fair market value of the shares at the date of granting.

Year granted	Options granted	Options outstanding	Exercise Price
1994	387,000	372,500	$16.44
1993	406,527	285,589	$12.88
1991	177,840	147,580	$15.00
1990	106,800	61,800	$13.25

The Company issued 381,500 options to purchase common shares through the executive stock option plan during 1994 at an average price of $16.44 per share. Options granted under the plan may be exercised over specific periods not to exceed seven years from the date of granting. Pursuant to a stock exchange approved grant of options with a 60 day

exercise period, an additional 5,500 options were granted in 1994 (1993 - 47,500) of which 2,500 (1993 - 45,000) were exercised. To fund the purchase of shares on the exercise of 60 day options granted in 1994 and 1993, the Company provided loans which are non-interest bearing, repayable over five years and secured by the common shares issued upon the exercising of these options. The loan balance at December 31, 1994 is $395,000 (1993 - $458,000).

Employee Share Plan

The Company has an employee share plan under which eligible employees can purchase common shares through regular payroll deductions by contributing between 2% and 6% of pay. For every three dollars contributed by an employee, the Company contributes one dollar. The Company records its contributions as a component of operating expenses. During 1994, the Company contributed $1,830,000 (1993 - $286,000) to this plan. All common shares issued to employees under the plan during the year were purchased at fair market value.

11. PARTNERSHIP OPERATIONS

a. Telecential Communications

The Company is a 50% partner in Telecential Communications, a partnership to develop cable television and telephone franchises in the United Kingdom. The partnership interest was acquired in 1993 by making cash contributions to the partnership in 1993 and 1994 amounting to $91,756,000 (British Pounds Sterling £45,864,000). As a condition of the credit facility obtained by the partnership (see Note 8(g)), subordinated loans of $16,942,000 (British Pounds Sterling £8,750,000) were made by the Company to the partnership during the year.

b. ISM Information Systems Management (Alberta)

The Company is a 50% partner in ISM Information Systems Management (Alberta), which provides information technology services to customers in the Province of Alberta. The Company has invested cash and data processing equipment with a combined fair market value of $10,283,000 to the partnership.

The Company's share of partnerships' assets, liabilities, revenue and expenses, before elimination of intercompany amounts, are as follows:

	December 31	
(thousands of dollars)	1994	1993
Assets	$125,549	$ 86,924
Liabilities	$ 59,046	$ 20,361
Operating revenue	$ 37,624	$ 25,316
Operating expenses	$ 42,471	$ 26,575

12. COMMITMENTS AND CONTINGENT LIABILITY

a. Commitments

(i) The Company has entered into an agreement to acquire 100% of the issued shares of ED TEL Inc. from the City of Edmonton for cash of $465,000,000; however, the agreement is conditional upon the receipt of satisfactory approval from the Federal Bureau of Competition Policy on or before February 28, 1995. The cash for the acquisition will be obtained by the Company under a $500,000,000 five year credit facility which was established on January 4, 1995.

The acquisition, if completed as planned, will be recorded according to the purchase method whereby the assets and liabilities of ED TEL Inc. will be reflected in the Consolidated Balance Sheet of the Company on the acquisition date, and the operating results of ED TEL Inc. subsequent to the acquisition date will be included in the Consolidated Statement of Income.

Details of the planned acquisition (using net book values as at July 31, 1994 as estimated by Edmonton Telephones Corporation) are as follows:

	(thousands of dollars)
Assets	$ 455,694
Liabilities	(281,980)
Goodwill	291,286
Purchase cost	$ 465,000

The acquisition cost in excess of the fair value of the net assets acquired will be recorded on the Consolidated Balance Sheet as Goodwill and amortized to depreciation and amortization expense on a straight-line basis over 12 years.

(ii) The Company is a member of Stentor, a strategic alliance with other Canadian telecommunications companies to coordinate the operation and maintenance of the national public telecommunications network, to develop and market new products and to standardize service offerings. Stentor's operating costs are borne by member companies in proportion to their interest in the alliance. The Company is committed to providing a maximum of $60,000,000 to Stentor in 1995.

(iii) The Company entered into an agreement to contract out its data processing management and end user support services to the ISM Information Systems Management (Alberta) partnership. Under the terms of this agreement, services will be provided to the Company until 1997. The 1995 cost under this agreement is expected to be approximately $50,000,000 (1994 - $43,000,000).

b. Contingent Liability

The Company has agreed to provide indemnification to a Canadian bank of up to $12,000,000 (U.S.), if funds are paid out under an irrevocable letter of credit. The indemnity agreement, which expires in September 1996, remains in support of a former subsidiary's construction activity with a former equity investee. Future losses could be incurred to the extent of any draws on the indemnification.

13. SEGMENT INFORMATION

The Company operates principally in the telecommunications industry in the Province of Alberta.

14. PENSIONS AND OTHER EMPLOYEE BENEFIT PLANS

The Company maintains contributory and non-contributory defined benefit final pay pension plans that cover substantially all employees. They provide pensions based on length of service and final average earnings.

Actuarial reports prepared for the Company for 1994 estimated the actuarial value of the net assets available for benefits and the accrued pension benefits as follows:

	December 31	
(thousands of dollars)	1994	1993
Net assets available (at market-related values)	$ 1,466,198	$ 1,392,722
Accrued pension benefits	$ 1,313,741	$ 1,233,827

The contributory pension plan has certain terms and conditions which limit its ability to utilize surplus in the plan to reduce future contributions. As a result, pension expense is not impacted by the excess of pension fund assets. Pension expense recorded for the year ended December 31, 1994 totalled $21,533,000 (1993 - $23,427,000).

In addition to providing pension benefits, the Company provides certain disability and group life insurance benefits for all eligible employees. The cost of these benefits is determined by an independent actuary and the annual funding requirements are paid into specific trusts. Based on recommendations from the actuary, the Company's 1994 contributions for certain employee benefit plans were reduced by $9,552,000 (1993 - $nil). The normalized cost of these employee benefits is included in Operations Expense and the contribution reduction is included in Other in the Consolidated Statement of Income.

15. COMPARATIVE FINANCIAL STATEMENTS

Certain comparative financial information has been reclassified to conform with the 1994 presentation.

shareholder information

	1994	1993	1992	1991	1990
Number of Registered Shareholders (1) (2)	52,114	56,696	65,617	52,708	61,383
Volume of Shares Traded (millions)					
Shares	73.5	71.4	60.3	36.7	8.4
Receipts 1990 (1st issue)	–	–	–	49.2	46.2
Receipts 1991 (2nd issue)	–	–	38.5	10.9	–
Total	73.5	71.4	98.8	96.8	54.6

(1) The Canadian Depository for Securities (CDS) represents one registration and holds securities for many institutions and individuals. CDS at the end of 1994 held 83% of TELUS' 139.3 million shares.

(2) Including instalment receipt holders in 1990 and 1991.

DIVIDENDS AND EARNINGS

Quarter	1995 Expected Dividend Record Dates	1995 Expected Dividend Payment Dates	1995 Expected Earnings Release Dates
1	March 23 '95	April 13 '95	April 27 '95
2	June 23 '95	July 14 '95	July 26 '95
3	Sept. 22 '95	Oct. 13 '95	Oct. 25 '95
4	Dec. 22 '95	Jan. 15 '96	Feb. '96

Quarterly dividends are payable on or about the 15th day of January, April, July and October. In 1994, total quarterly dividends of $0.92 per common share were paid, or $0.23 per quarter. In 1995, a dividend of $0.23 per common share was paid on January 15th and on February 8th, 1995 the Board declared a dividend of $0.23 per common share payable on April 13th.

TELUS SHARE PRICE (1)

		High	Low	Close
1990	Quarter 4	$13.50	$11.88	$13.25
1991	Quarter 1	14.25	12.88	13.75
	Quarter 2	14.00	12.88	13.00
	Quarter 3	14.13	13.00	13.75
	Quarter 4	15.75	13.75	15.75
1992	Quarter 1	16.38	14.50	14.50
	Quarter 2	14.75	13.63	13.88
	Quarter 3	14.88	13.50	13.63
	Quarter 4	14.00	13.00	13.00
1993	Quarter 1	13.50	12.13	12.63
	Quarter 2	13.88	12.50	13.38
	Quarter 3	14.63	13.25	14.50
	Quarter 4	16.25	14.38	16.00
1994	Quarter 1	18.00	15.63	16.75
	Quarter 2	17.63	14.38	15.63
	Quarter 3	17.63	14.88	16.88
	Quarter 4	17.13	15.13	15.88

(1) As reported by the Toronto Stock Exchange.

HISTORICAL SUMMARY

	1994
INCOME STATEMENT (in thousands)	
Long Distance Revenues	$ 712,197
Local Revenues	533,358
Other Revenues	114,595
Total Operating Revenues	1,360,150
Total Operating Expenses	1,055,008
Income From Continuing Operations, Before Financing Costs (2)	306,726
Interest and Other	87,175
Income Taxes	6,234
Net Income	211,733
BALANCE SHEET (in thousands)	
Total Plant Investment	$4,578,489
Accumulated Depreciation	1,688,361
Total Assets	3,483,722
Long-term Debt	1,176,952
Common Equity	1,759,504
FINANCIAL STATISTICS	
Interest Coverage	2.91
% Debt to Total Capitalization	40.7
Capital Expenditures (in thousands)	$ 440,228
Earnings Per Share - Continuing Operations	$ 1.52
Earnings Per Share - Total	$ 1.52
Dividends Declared Per Share	$ 0.92
Return on Common Equity (Continuing Operations)	12.3%
Closing Share Price	$ 15.88
OTHER STATISTICS	
AGT Network Access Lines	1,233,656
Long Distance Messages (in thousands)	510,931
Total Regular Employees	7,295
Total Payroll (in thousands)	$ 385,848
Cellular 800 Subscribers	113,400
Cellular 800 Average Revenue Per Subscriber Per Month	$ 84
Cellular 800 Average Minutes Use Per Subscriber Per Month	146
Telecential Cable TV Subscribers	58,865
Telecential Telephone Lines	12,154

(1) Consolidated results for the AGT Commission (unaudited, January 1 - October 3, 1990) have been combined with consolidated TELUS results (October 4 - December 31, 1990) where necessary and practical to provide meaningful comparisons. Numbers marked with an asterisk (*) refer to TELUS results only.

1993	1992	1991	1990 (1)
$ 691,847	$ 681,903	$ 732,433	$ 773,976
469,948	410,016	394,096	355,542
100,692	95,447	111,421	69,148
1,262,487	1,187,366	1,237,950	1,198,666
972,937	951,643	972,248	959,828
275,820	241,240	247,135	230,760
103,659	53,844	74,785	25,067 *
5,347	4,111	7,538	2,439 *
180,544	177,768	183,379	71,718 *
$4,298,468	$4,159,819	$3,998,651	$3,989,967
1,524,042	1,460,170	1,392,560	1,469,021
3,244,200	3,195,164	3,033,940	3,122,004
1,066,670	1,069,787	1,157,860	1,223,699
1,667,260	1,615,562	1,565,290	1,504,572
2.63	2.54	2.51	2.25 *
39.2	38.5	38.0	42.6
$ 352,647	$ 368,131	$ 352,633	$ 498,625
$ 1.30	$ 1.28	$ 1.33	$ 0.30 *
$ 1.30	$ 1.28	$ 1.33	$ 0.52 *
$ 0.92	$ 0.92	$ 0.89	$ 0.22 *
11.0%	11.1%	11.8%	12.5% *
$ 16.00	$ 13.00	$ 15.75	$ 13.25
1,194,438	1,156,711	1,128,739	1,098,849
464,488	431,304	400,665	374,477
7,739	9,753	10,201	10,746
$ 391,207	$ 456,875	$ 459,977	$ 458,369
71,748	49,140	34,198	20,018
$ 79	$ 75	$ 67	–
131	128	145	–
44,670	–	–	–
–	–	–	–

(2) Income from continuing operations before financing costs excludes net interest expense on long-term and short-term debt and any income (losses) related to the former equity investment in NovAtel. Financing costs have been excluded because the significant change in capitalization, which occurred under the reorganization, distorts the comparability of this information over the five year period.

TELUS BOARD OF DIRECTORS

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Harley Hotchkiss •
Private Investor

Norm Kimball
President,
L & N Investments Ltd.

Richard LeLacheur •
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Edmonton

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Vice-President & Secretary,
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James Palmer, Q.C.
Partner
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George Petty
President &
Chief Executive Officer,
TELUS Corporation

Donald Skagen •
Chairman,
Mohawk Oil Canada Limited

Neil Webber
President,
Neil Webber Consulting Ltd.

• Member of Audit Committee

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Jim McDonald
Executive Vice-President,
Communication
Businesses

Frank Parrotta
Executive Vice-President,
Corporate Development

Gary Goertz
Executive Vice-President,
Finance &
Chief Financial Officer

Jim Drinkwater
Treasurer

George Malysheff
General Counsel &
Corporate Secretary

Jim Pratt
Vice-President,
Government & Public Affairs

Kerry Day
Associate General Counsel &
Assistant Corporate Secretary

TELUS WHOLLY OWNED SUBSIDIARIES

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President &
Chief Operating Officer,
AGT Limited

Bert Backman-Beharry
President,
AGT Directory Limited

Harry Truderung
President,
AGT Mobility Inc.

OWNERSHIP

In December 1991, the Government of Alberta sold its remaining common share interest in TELUS.

At December 31, 1994 TELUS shares were widely held by 52,114 registered shareholders and by a large number of non-registered shareholders. Approximately 2% of the shares were held outside of Canada and no single shareholder holds more than 5% of the shares.

AUDITORS

Deloitte & Touche, Edmonton, Alberta

LISTED ON

Toronto Stock Exchange
Montreal Exchange
Alberta Stock Exchange

TAX RELATED INFORMATION

Closing Price on February 22, 1994: $16.875 (for Canadian investors making the special capital gains election on 1994 tax returns)

TRADING SYMBOL

TELUS Common Shares – AGT

TRANSFER AGENT & REGISTRAR

The R-M Trust Company, Investor Services
5th Floor, 393 University Avenue
Toronto, Ontario M5G 2M7 CANADA

1-800-387-0825 (toll-free in North America)
(416) 813-4600 (outside North America)
Fax: (416) 813-4555

R-M Trust also has offices in Vancouver, Calgary, Regina, Winnipeg, Montreal and Halifax.

IF YOU NEED HELP...

with regard to any of the following – please contact our Transfer Agent and Registrar:

→ change of address, transfer of shares
→ consolidation of multiple mailings to one shareholder
→ dividend payments or direct deposit of dividends into your Canadian bank account
→ participation in dividend reinvestment and share purchase plan (effective March 1995)
→ option not to receive quarterly information
→ loss of share certificates, estate settlements

DIVIDEND REINVESTMENT & SHARE PURCHASE PLAN

Starting in March 1995, eligible shareholders wishing to acquire additional TELUS shares through dividend reinvestment and/or optional cash purchases can take advantage of a new Plan. Information booklets are available from our Transfer Agent.

!

In this annual report we have answered a lot of your questions, but if you have more questions about TELUS as an investment, our industry or would like additional financial or statistical information, please

CONTACT JOHN WHEELER, TELUS Investor Relations
Floor 30, 10020 100th Street EDMONTON, ALBERTA T5J 0N5 CANADA
CALL, WRITE or FAX us for further information.

[in North America call 1-800-667-4871
outside North America call (403) 498-7311
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